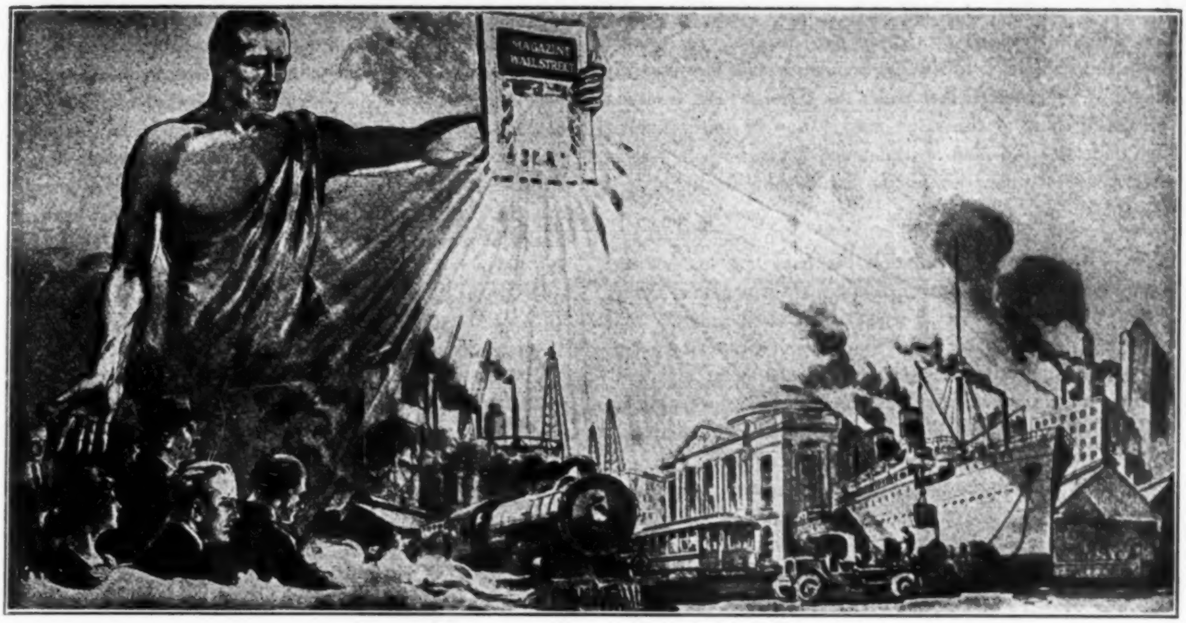


The Outlook

The Genoa Conference and the Russo-German Agreement Reduction in Interest Rates — The Effect of the Tariff Further Regulation of Trusts — The Market Prospect

IRREGULAR improvement is manifest in business conditions. The basic industries, with the exception of coal, are in a sounder basis and their outlook grows more favorable. Distributive trade has been hampered by strikes and unseasonable weather, and this remains an unfavorable feature of the situation. A stronger tendency toward higher prices, particularly in farm products and metals, is noted. Investment demand continues unabated. Foreign exchange is stronger. Generally the basic factors indicate continuation of the improvement in business conditions noted since the end of winter.

* * *

THE CONFERENCE AT GENOA

THE Genoa Conference is full of surprises; and not the least of them has been the establishment of an understanding between Germany and Russia whose purpose appears to be that of settling a basis for renewed commercial and financial relations. In its terms it seems to be free of objections, but there is, of course, always the possibility of some secret understanding in the background. Meantime, the action taken has evidently given great cause of anxiety to the Allied Governments, who are keenly anxious to take the lead in everything that relates to the mapping out of diplomatic policies. They had unquestionably expected that both Russia and Germany would follow their lead; instead of which these two countries seem to have adopted a more progressive attitude than any others, mutually cancelling indemnities and paving the way for future establishment of closer relationships that may restore trade and make for the prosperity of the rank and file of people in the two countries.

The unfortunate feature of the situation, of course, is that all measures taken by either of these nations are, on account of their past record and present tendencies, suspect. As for financial matters, the conference has thus far evidently made but little progress, and the Genoa situation, therefore, is not encouraging in this respect.

* * *

CUTTING RATES OF INTEREST

TWO developments within the past ten days or so must be regarded as of first importance in connection with the cost of money. These are the reduction of the rate on Treasury certificates to $3\frac{1}{2}\%$, and the reduction of the Bank of England rate to 4%, with corresponding cuts in the rates on British Treasury bills. One result of this action has been to emphasize the tendency toward what is called cheap money, both in this country and in England. It is probable that low rates for money would have continued in any case, for a good while, owing to the peculiar slowness of commercial demand in reasserting itself. Federal reserve portfolios have increased very slowly and in some recent weeks have even receded. Portfolios of member banks have, on the other hand, shown a tendency to advance in many parts of the country, but such enlargement has been extremely gradual. On the whole, the situation has been such to leave a large surplus of lending power available for use in stock market and investment operations, and the effect has naturally been to keep down rates for loans of this class.

"Street loans" have, in fact, about doubled since the beginning of January. The stock-market "boom" has thus had abundant basis for further extension. *How far easy money is likely to continue is an open question, but one thing*

that can be positively stated about it is that with a growth of commercial borrowing and corresponding demand for current funds in business the supply now available for market operations will tend to decline and rates will increase. It should be remembered that under the Federal reserve system the sensitiveness of the stock market is very much smaller than under the old plan of pyramided reserves which was in effect before the adoption of the new banking legislation.

* * *

THE TARIFF BEFORE THE SENATE

IN publishing the final text of the new tariff bill, the Senate Committee has set at rest a great deal of speculation and doubt which had previously existed, and has brought the tariff struggle considerably closer to a conclusion. There is still the utmost difference of opinion on nearly all of the various schedules, and the familiar conflict between different economic groups is in progress. This was to be expected. According to the best accounts, the debate on the tariff will last several months, and optimistic forecasters who look for earlier action are likely to be disappointed.

Financially, the effects of the tariff are already evident. It has begun to raise prices, as seen in the action of the American Woolen Co., in advancing the cost of its fabrics. In a certain way, it has probably contributed to stock-market activity, many persons believing that the adoption of very high rates of duty will assist shares of well-protected companies in reaching a higher level.

* * *

PROGRESS IN DEBT FUNDING

THE Senate having at length confirmed the two non-cabinet members of the foreign debt funding commission, that body has organized and at its next meeting negotiations with Great Britain are expected to be undertaken. These negotiations will probably be conducted through representatives sent by the British Treasury to Washington; *and it is supposed that they will result in a full acknowledgment by Great Britain of her entire debt to the United States and the proposal of arrangements for beginning the payment of interest.*

Great Britain showed in her annual budget for the fiscal year just closed a surplus of some £50,000,000 sterling and is well toward a position in which she can technically begin settlement. The fact remains that this payment cannot long be continued unless Great Britain is able to establish a favorable trade balance through the shipment of goods to the United States, in an amount sufficient to enable her to liquidate her merchandise indebtedness and have enough left over to provide the dollars with which to settle her interest obligations here. The question whether we are willing to allow such a condition of trade to develop as will take care of this indebtedness is fundamentally bound up with our whole tariff policy, and remains to be established.

* * *

A NEW START FOR THE BONUS

IT would seem that the question of the enactment of the bonus which has been given a new start by the recent action of the Republican caucus and which has been denounced by the Secretary of the Treasury as absolutely destructive would depend very largely upon the attitude of the President. As to this, conflicting statements are, as is well known, in circulation. It remains to be ascertained what Mr. Harding's definite views about the subject will be.

It is, of course, difficult for a President to veto a measure which has come to him with the endorsement of his party in both Houses of Congress, especially when he himself is more or less directly pledged as a campaign matter to give it his assent. Against this view of the situation is the fact that the stronger members of the Harding Cabinet are practically unanimously opposed to the pending bill or, indeed, to any bonus bill at this session. The final outcome will depend very much on the strength and positiveness of the attitude adopted by the different members of the business community.

* * *

REGULATING TRADE ASSOCIATIONS

A PHASE of current trade association discussion which has brought into prominence a good many points heretofore left in obscurity is presented by Senator Edge's resolution calling for an inquiry into the activities of such associations. Apparently the objection to the proposed plan of the New Jersey Senator is found in connection with his proposal to let the Federal Trade Commission practically license or authorize trade associations to do certain things considered to be legal. This is a difficult field of legislative regulation as several members of the Senate have pointed out, and it hardly seems likely that very much success will be had.

The proposal to investigate and ascertain the status of such associations would, however, be well worth while if it should result in clearing up the uncertainties with which they are now surrounded. *Apparently the Government is starting upon a new era of trust regulation,* the decisions of the Supreme Court during the past two months having been more numerous and more far-reaching on this subject than those handed down within any similar period in recent years. The effort to legalize trade associations is an evident attempt to reply to or offset the renewed activity of the Department of Justice and of the Courts. It is certainly desirable that there should be a better marking out of the field of legitimate and legal activity on the part of corporations than has been developed thus far under existing law. Whether such a marking out can be completely effected to good advantage by the methods suggested by Senator Edge is clearly doubtful.

* * *

MARKET PROSPECT

THE investment demand seems insatiable, and it is running strongly in the listed preferred stocks, utilities, high-grade rails, and other classes of investment securities.

Speculative issues do not seem able to move forward with the same force as previously, and it may be that the upward swing will make progress a little more slowly and with more frequent reactions. However, barring some unfortunate development in Europe, there appears no reason why we should look for any reversal in the trend.

The question is, how much has the market already discounted? In some cases, it must be admitted that optimism has carried prices forward at a rate exceeding that of business recovery in some lines. Discrimination should therefore be employed so that the greatest amount of safety, combined with a fair yield, may be secured.

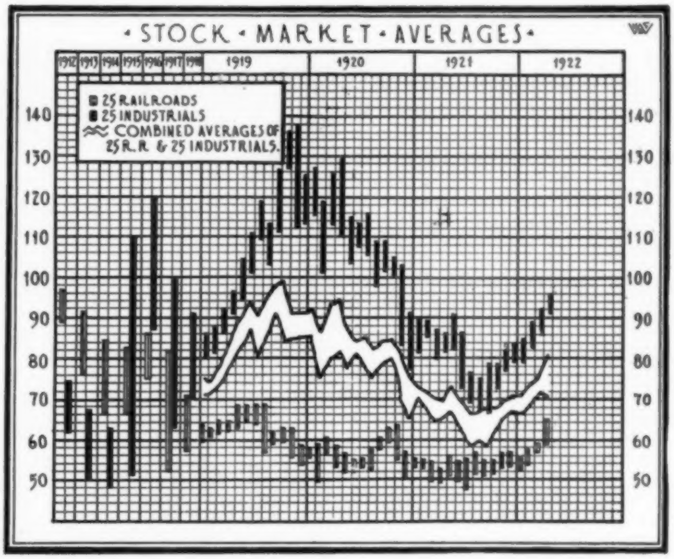
Monday, April 24, 1922

What the Advance in Securities Means

Long Sustained Rise in Securities Based on Changing Fundamental Conditions, the Significance of Which Is Just Beginning to Be Appreciated

By E. D. KING

COMMENCING imperceptibly at first but almost directly thereafter giving indications that a new and important movement in securities was under way, the stock market on August 24, 1921—just a little over eight months ago—reversed the declining movement which had been in progress for practically eighteen months and initiated a forward movement of striking proportions During that period, all groups of securities have surged forward. Recently, there has appeared a tremendous and unwhetted public demand, which in itself has been one of the most interesting and important manifestations of a change in the psychology of the public. Only a few months ago it was very difficult to interest the public in securities, but to-day, apparently, there are not enough good securities to go around.



It would be difficult to explain this change of public mind in consideration of the fact that a great part of the improvement in general business conditions, which the advance in securities indicates is now on the way, has not yet become manifest. Except in a very few individual industries, the improvement in general business conditions which is promised by the long-sustained advance in securities has not yet materialized to an extent comparable with the advance in the security markets. For that reason, therefore, analysis of security movements in their relation to the business situation is highly important and necessary at this stage of the market.

What Is the Market Discounting?

The question that presents itself to thoughtful students of security movements is: What is the stock maket discounting? That there is a very powerful and fundamental reason for this exceptional and long-continued rise in securities is not to be doubted for the history of every broad movement in securities such as this one shows that it is the forerunner of a similar condition in business itself. The stock market may justly be interpreted as a practically infallible barometer of business conditions. In that light, therefore, the very fact that securities have advanced and have continued to advance, with only the most insignificant reactions for a period of upward eight months in stocks and ten months in bonds, must be taken to mean that a far-reaching change in the character of business conditions is in progress—that from a period of long-drawn out and most intense depression, we are entering an opposite period of long-drawn out and intense activity in business.

How long such a period of general prosperity will continue is not difficult to interpret—with the usual limitations, of course—from the action of the stock market itself. The market generally discounts future conditions from a half year to a year in advance. The present advance in securities commenced at the end of August, but the turn in business conditions only became pronounced last month when the railroads, the steel industry and other basic lines gave strong evidence of this. In the present case, therefore, the stock market has discounted the change in the character of business conditions by about six months. Considering the fact that the advance in securities is still being maintained, it is apparent, under the theory that the stock market discounts from a half year to a year in advance, that the improvement in business has at least another six months to go, which would carry it up through autumn.

Prospects for Next Six Months

This is as much as can be seen at the present time and one is reasonably safe in forecasting a period of generally increasing business activity for at least the next half year. However, there are circumstances in view and new conditions to consider which would warrant taking a somewhat broader view at this time.

It must be taken into consideration that the world has passed through an almost fatal period—that a great war has taken place and that the shifting of national possessions as a result of the outcome of the war has created a very great change in its economic structure. Several years ago, it seemed as if this structure were too feeble to endure the weight of the economic depression which set in and that a total change in the system was about to take place. Fortunately, however, the afflicted nations of the world have shown more recuperative power than was credited to them and there are many signs that—under the guidance of proper economic statesmanship—they may stage an altogether unexpected and swift come-back. This is one of the interpretations given by the action of the foreign exchange markets which for a period of several months have strengthened visibly in sharp contrast to their weakness a year ago.

Conclusion

Broadly, the world may be viewed as having entered a period of convalescence from the distressing effects of the late war and soon to be on the verge of a big up-turn in trade. Unless, indeed, Europe suddenly and unexpectedly goes to pieces, a logical interpretation of the action of the stock market in the past eight months is that we are in the beginnings of a boom period which in scope should approach that seen during the war. The world shortage of goods, many of which we alone are in a position to supply, is of such proportions that it would take a considerable time before it could be filled. On that basis, every one of our industries could operate at capacity without completely filling the latent demand.

The present advance in securities evidently constitutes the first section of the up-swing. Bull markets never continue from beginning to end without interruptions, as these are necessary to the correction of the technical position and bear the same relation as punctuation marks to a paragraph. Bull markets usually run two or three years. If the one under way should continue at the same pace, it would exhaust itself within six months, which would make it entirely different from its predecessors. Interruptions may therefore be expected at any time, but these should only temporarily affect the main current.

How Leaders of Industry View Present Situation

Statements from Authorities in Banking Business and Railroading on the Outlook

AT the close of 1921, THE MAGAZINE OF WALL STREET sought the opinion of business leaders, banking authorities and railroad chiefs as to the probable trend of business in the current year. It is interesting to recall that the opinions given were almost unanimously optimistic, the belief being held that deflation would soon have run its course, and a turn for the better set in.

In view of recent developments, marked by a substantial upturn in business and one of the most extensive bull markets in securities the country has ever known, it seemed timely to again interview these leaders, with particular regard to the following topics:

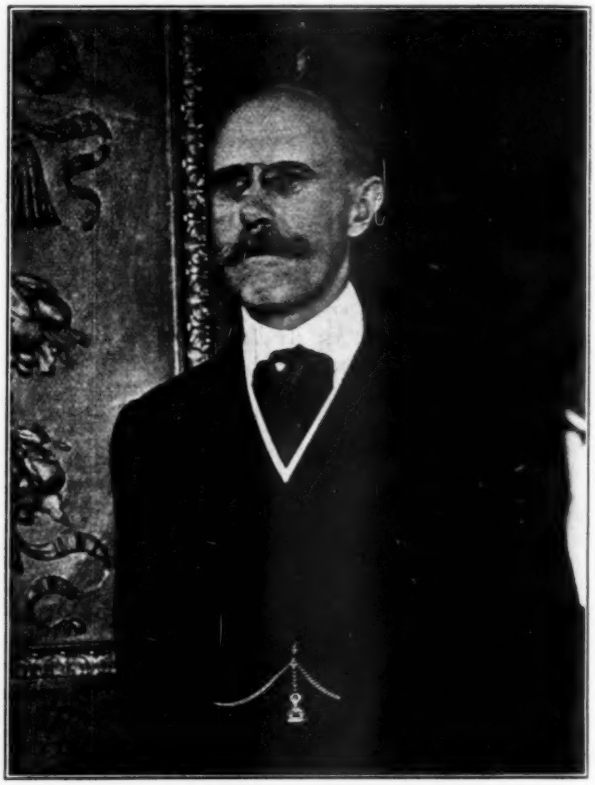
How far improvement in business has already gone.

What the prospects are for further improvement.

What, if any, obstacles to complete prosperity there are ahead.

Statements were sought from leaders in a number of different fields and a number of different trade centers.

It will be noticed that the attitude of these men is one of restrained optimism. The statements of the railroad men are of particular interest and their cheering message is significant in view of the great depression through which the railroads have just passed. Governor Norris' affirmation that banking facilities are adequate is important coming from one directly in touch with the Federal Reserve system. Altogether, the reader should draw a very clear picture of the actual economic situation in this country and that likely to follow from careful perusal not only of the words contained in these statements but by reading between the lines.



GEORGE W. NORRIS
Governor Federal Reserve Bank of Philadelphia (3rd District)

"LACK OF CONFIDENCE SEEMS UNWARRANTED"

Governor Norris, of Philadelphia Reserve Bank, Outlines Obstacles

NEVER before perhaps has it been quite so difficult to forecast the immediate future for general business in the United States as at the present time.

As indicating the prospects for improved business during the balance of 1922, attention may be directed to the increased purchasing power of the farmer as the result of higher prices for farm products, the decrease in commercial failures, the large volume of building permits issued throughout the country, the fact that the unemployment problem is not so severe as was anticipated, and that the various commodity groups which comprise the wholesale price indices are moving toward a more normal relationship.

Factors of an unfavorable nature are the coal and textile strikes, the uncertain foreign situation, the apparent apathy of the buying public as a result of what it considers exceedingly high retail prices, and the fact that in many industries wage readjustments have not yet been completed.

Weighing the various elements on which business forecasts are usually made, it certainly seems that industry has worked itself into a position from which it can make rapid strides toward real prosperity. But fundamental statistics have indicated this since the fall of 1921, and thus far but little actual improvement has been made. In the Third Federal Reserve District this is especially true, for the volume of business being transacted is small and the demand for many products, in fact, is falling off.

The iron and steel industries as a group, it is true, have received considerably more business during the past two months than for any similar period since readjustment began early in 1920, and it is also true that a fair sized building boom is now in progress here. But with these exceptions practically all markets are exceptionally quiet. Textile manufacturers are receiving so little business that operations are being decreased, and a like situation is reported from the shoe industry. Reports from most other industries are but little better.

The chief drawback to increased business, perhaps, is the lack of confidence on the part of most business men. This is evidenced most strongly in the fact that almost all business is of a hand-to-mouth nature. The order for future delivery is the rare exception. Little attention is being given to the coming fall and winter either by retailer, jobber or manufacturer.

In view of the fact that fundamentally the business situation is sound, and that the banking facilities are adequate to meet all legitimate needs of business, it would seem that this lack of confidence is unwarranted.

"We have undoubtedly seen the worst."

SECRETARY TREGOE

National Assn. of Credit Men, Asks Patience

WE have undoubtedly seen the worst in this country.

The turn came about five months ago. Very little improvement was discernible for some time, as so little strength remained in industry. Up to the present time, there are discernible improvements reflected mostly in basic commodities, an improved railway situation and sensible liquidation.

This improvement should be regarded in a common sense fashion—neither under-rated nor over-rated. Nothing would be more injurious than to have optimism run away with us.

We are not on the threshold of a boom. We are in the early stages of recuperation. The improvement must continue slowly but surely.

A patient, hopeful and perfectly confident attitude is proper at this juncture.

The factors still holding us back are:

Unstable economic conditions in Europe.

Unadjusted inter-allied debts.

Heavy taxation at home.

The coal and textile strikes.

Pending tariff legislation.

Continued maladjustment in prices.

The solution of these problems will be slow of adjustment, but they must be taken into account when reckoning on the future.

Every citizen in America should be grateful for what has been accomplished so far in our revival and should work hard for its continuation until prosperity is with us once again.

"Coal strike will have two distinct effects."

PRESIDENT KEITH

National Coal & Coke Co., Analyzes Issues

THERE has been a decided improvement in the lumber industry which is manifested by the accumulation of unfilled orders during the last four weeks amounting to eight per cent of amount sold. The last year witnessed the largest year of building permits both in the number of buildings and in volume of dollars that the United States has ever experienced. The reports this year so far have been in excess of last year and this year bids fair to exceed last year's volume, both in dollars and in number of permits.

Last year's demand from agricultural and industrial sources practically ceased and yet all of the production of the lumber industry and half of the stocks of lumber on hand went into building consumption.

Improvement in agricultural and industrial demand is manifesting itself and is probably due to improvement in prices for agricultural production and demand for railroad equipment. We are now receiving inquiries for silo construction lumber—something we have not seen for years.

The coal situation in the future will depend entirely upon liquidation of labor costs. The contest which is now on between the miners and the operators, with the latter seeking lower costs of production, if successful, should start the wheels of industry with consequent material improvement in demand over last year.

Up to now there has been no improvement in the demand for fuel over last year, except the demand just previous to the suspension due to the necessity of storing coal for uses during the strike.

It is our expectation that the suspension will react in two ways—first, in lower costs, which are essential, for reasons that it is not necessary to indicate here; and, second, in cleaning up the surplus stocks of coal in the United States.

When the strike is over, the result should be a period of full operations for the balance of the year.

How the Railroad Men Feel

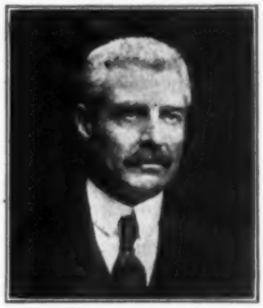
PRESIDENT PETERS

Long Island Railroad

THE improvement in business is well under way. The farmers are all busy plowing and planting, getting ready to dig more capital out of the ground. With their success will come still more improvement.

The prospects for the future are most excellent because of the splendid work taking place on the farms. The tremendous amount of home building that is taking place in all sections of the country also makes for an improvement in business, with brighter prospects for the future.

The chief obstacle I see to complete prosperity exists in the present Congress. If it could be made to adjourn and go home, without any attempt to provide for a bonus law, without running counter to all advice and counsel of the President and cabinet members and those who know the real conditions, one of the chief obstacles to a return of general business activity would be removed.



PRESIDENT REA

Pennsylvania Railroad

ASIDE from the coal strike, general business and finance show a steady improvement, which is reflected in improved earnings of the railroads and a broadening of the output of industries.

Prospects for continued expansion cannot be outlined.

The obstacles to prosperity are the coal strike; the uncertainty respecting rate reductions and wage reductions on the railroads; and the continued increase in municipal, state and federal taxation.

CHAIRMAN ELLIOTT

Northern Pacific Railroad

IT is impossible for me to prepare an article at the present time, due to the amount of work that I have on hand. . . .

I feel hopeful about the future, although in the western country that hope is not being translated very rapidly into increased earnings, either gross or net.

HOWARD ELLIOTT
Chairman, Northern Pacific R. R.

The Importance of the Recent Railroad Rate Decision to Investors

The Decision of the United States Supreme Court in the Minnesota Rate Case Strengthens Railroad Credit by Strengthening the Interstate Commerce Commission Control Over Rates

By MILTON W. HARRISON

Vice-President of the National Association of Owners of Railroad Securities

THE only figure that the railway security owner is interested in is net return. The business done to produce the net return is the concern of the operator. The owner can be expected to inquire into operation only if the net return is not forthcoming. Because of its bearing upon this figure of net return the recent decision of the United States Supreme Court in the matter of the Wisconsin passenger fares is of importance to every owner of railroad securities.

The action in the Wisconsin case primarily arose from the refusal of the Wisconsin State Commission to accept the order of the Interstate Commerce Commission to increase passenger fares within the state, in compliance with section 15a of the Interstate Commerce Act as amended by section 422 of the Transportation Act of 1920. The Commission is required by that section to so adjust rates "that the revenues of the carriers shall enable them as a whole or by groups to earn a fixed net return on their railway property." Subsequent to the order of the Interstate Commerce Commission, declaring a horizontal increase, the carriers traversing Wisconsin applied to the Wisconsin State Commission for a corresponding increase in rates for traffic within the state. The State Commission granted the increase in freight rates, but refused to grant the increase in passenger fares for the sole reason that a state statute prescribed a maximum for passengers of two cents a mile.

On November 27, 1920, the Interstate Commerce Commission after an investigation based upon an undue, unreasonable and unjust discrimination against persons travelling in interstate commerce, ordered such undue discrimination removed by increases in all intrastate passenger fares in accordance with the order in interstate business. Thereupon the carriers began action in the United States District Court to enjoin the state authorities from interfering with the maintenance of the fares as ordered. A temporary injunction was granted and the case was appealed to the Supreme Court.

Unanimous Court Decision

Chief Justice Taft, in rendering the opinion of a unanimous court which affirmed the decision of the lower court sustaining the injunction, based the opinion upon the rate-making provision (section 15a) of the Interstate Commerce Act (section 422, Transportation Act) that since the Interstate Commerce Commission is required to adjust rates so as to provide a fixed percentage return (as near as may be) on the aggregate value of railway property as a whole or in groups, to produce such return the value of all railroad property, regardless of state lines, must be considered. The Court stated: "We cannot sustain the sweep of the order in this case on the showing of discriminations against persons or places alone."

> **THE whole system of rate regulation and the whole business of transportation rests upon the necessity that rates for competing roads shall be the same. Yet rates so low as to prevent the most favorably situated railroads from receiving excessive returns for their service will ruin the bulk of the railroads of the country, while rates so high as to permit the bulk of the railroads of the country to live will give the most favorably situated roads returns that the American people will not stand for. If that difficulty is solved, all other questions are comparatively easy of solution. . . . If Congress . . . fixes a fair rate of return for the railroads of each rate-making district as a whole and requires the rate-making authorities to fix rates which will presumptively yield that rate of return . . . there is no reason why railroad credit should not be re-established and railroad development proceed promptly, and with it the development of the business of the country."**
> **—Hon. Elihu Root.**

Both the railroads in the action and the Interstate Commerce Commission contended in effect that the Transportation Act simply had affirmed the definition by the Supreme Court of the power of the Interstate Commerce Commission over intrastate rates where such rates were unjustly discriminatory as contained in the Shreveport Case (Houston & Texas Railway v. United States, 234 U. S. 342). The Shreveport Case arose from a complaint filed on March 7, 1911, with the Interstate Commerce Commission of Louisiana alleging that freight rates from Shreveport, La., to points in eastern Texas were unreasonable and unduly prejudicial to Shreveport compared with rates fixed by the Texas State Commission. After a hearing, the Interstate Commerce Commission found the allegations had been sustained; for example, that the rate on wagons from Dallas, Texas, to Marshall, Texas, 148 miles, was 36.8 cents per 100 lbs.; from Shreveport, La., to Marshall, Tex., 42 miles, was 56.0 cents per 100. lbs. That is, the Texas shipper's wagons were hauled 106 miles farther than those of the Louisiana shipper, but the freight rate was 19.2 cents per 100 lbs. less.

Protection Policy Ended

It then devolved upon the Interstate Commerce Commission to determine wherein the discrimination lay. In its report the Commission said: "There appears to be little question as to the policy of the Texas Commission. It is frankly one of protection to it own industries and communities." The Commission ordered the discrimination removed, which necessitated some readjustments in the intrastate rate structure. The Supreme Court affirmed the order.

It is significant that this decision sustains the fundamental purpose and proposals of the National Association of Owners of Railroad Securities, and definitely marks a third and last phase of railroad development in this country. The establishment of the principle followed by a readjustment in the relations of the carriers in the direction of joint facility uses and coordination in railroad service will make for the survival of private ownership and operation. Based on that principle the carriers are bound to improve their credit. The adoption of the principle as a result of the work of the Association, under the remarkable leadership of S. Davies Warfield, is a great achievement. The clear definition by the Supreme Court in this case of the intention of Congress is not surprising to the owners of railroad securities. The financial provisions of the Transportation Act were thoroughly debated before their passage. Basically it was a proposal to better the credit of the railroads. In a letter written by Hon. Elihu Root to Mr. Warfield, dated May 7, 1919, in referring to these financial provisions, Mr. Root stated: "The plan proposed by your Association . . . is the only one which deals adequately with the real difficulty in the railroad situation. I think you have put your hook in the key log of the jam in which our railroads are piled up without power to move forward and I think no one else has."

Importance of Supreme Court Decision

The Supreme Court recognized the intent of Congress in the establishment of the new principle of rate-making applied

to transportation as a whole, regardless of state lines, in order "to maintain an adequate railway service for the people of the United States." The opinion of Chief Justice Taft further states: "Intrastate rates and the income from them must play a most important part in maintaining an adequate *national railway system*. Twenty per cent of the gross freight receipts of the railroads of the country are from intrastate traffic, and fifty per cent of the passenger receipts. The ratio of the gross intrastate revenue to the interstate revenue is a little less than one to three. If the rates on which such receipts are based are to be fixed at a substantially lower level than in interstate traffic, the share which the intrastate traffic will contribute will be proportionately less. If the railways are to earn a fixed net percentage of income the lower the intrastate rates, the higher the interstate rates may have to be. The effective operation of the act will reasonably and justly require that intrastate traffic should pay a fair proportionate share of the cost of maintaining an adequate railway system. Section 15a confers no power on the Commission to deal with intrastate rates. What is done under that section is to be done by the Commission in the exercise of its powers, to prescribe just and reasonable rates, i.e., powers derived from previous amendments to the Interstate Commerce Act, which have never been construed or used to embrace the prescribing of intrastate rates. When we turn to paragraph 4, section 13, however, and find the Commission, for the first time, vested with direct power to remove any undue, unreasonable or unjust discrimination against interstate or foreign commerce, it is impossible to escape the dovetail relation between that provision and the purpose of section 15a. If that purpose is interfered with by a disparity of intrastate rates, the Commission is authorized to end the disparity of intrastate rates by directly removing it, because it is plainly an undue, unreasonable and unjust discrimination against interstate and foreign commerce, within the ordinary meaning of those words."

". . . this decision . . . definitely marks a third and last phase of railroad development in this country. The establishment of the principle followed by a readjustment in the relations of the carriers in the direction of joint facility uses and coordination in railroad service will make for the survival of private ownership and operation. Based on that principle the carriers are bound to improve their credit."

control over interstate commerce without incidental regulation of intrastate commerce, such incidental regulation is not an invasion of state authority or a violation of the proviso."

The Supreme Court, in the Minnesota Rate Cases (230 U. S. 352), commented on the obvious need of unity in the regulation of freight rates, which almost seems to anticipate the Transportation Act. After describing the interblending of railway operations, regardless of state lines, it stated: "But these considerations are for the practical judgment of Congress in determining the extent of the regulation necessary under existing conditions of transportation to conserve and promote the interests of interstate commerce. If the situation has become such, by reason of the interblending of the interstate and intrastate operations of interstate carriers, that adequate regulation of their interstate rates cannot be maintained with imposing requirements with respect to their intrastate rates which substantially affect the former, it is for Congress to determine, within the limits of its constitutional authority over interstate commerce and its instruments, the measure of the regulation it should supply"; and Congress did determine in the Transportation Act.

Rehabilitation of Railroad Credit

The Court in the Wisconsin Case under discussion recognized the necessity of the financial provisions of the Transportation Act as preserving the interests of the security owner in the railroads by stating that "the owners insisted that their properties could not be turned back to them by the Government for useful operation without provision to aid them to meet a situation in which they were likely to face a demoralizing lack of credit and income. Congress acquiesced in this view. The Transportation Act of 1920 was the result."

The Transportation Act was intended to rehabilitate railroad credit and cannot be expected to carry out its purposes if any part of the financial provisions is disrupted. As Mr. Warfield has recently pointed out, "The question now is whether the railroads will themselves attempt to nullify the first and only constructive and remedial legislation adopted by Congress in their interest and for their protection since 1884 by disrupting the basis on which that relief has been granted: a national system of transportation, of which all essential carriers are parts.

"It would be a dangerous conclusion for any great railroad system to feel that its present circumstances will enable it to continue under private operation under any conditions that may arise.

"Should it come to pass that the necessities of transportation would force the Government to take over a number of railroads, the position of the remaining carriers would be precarious. In the contingency of government operation, arising out of the necessity to maintain essential systems, it is a grave question whether it would be possible for the remaining railroads, in competition with the Government, to meet operating conditions that might be forced upon them."

In conclusion, fundamentally American transportation as a system is sound. As to their value, it is doubtful whether the railroads could be duplicated, at present-day prices, for twice their capitalization. Compared with the railroads of European countries, the per mile capitalization is exceedingly low; the American railroads are capitalized at $71,000 per mile, compared to $274,000 per mile for English roads, $155,000 for the French railroads, and $132,000 for the German railroads. The Transportation Act, if *properly carried out*, can be counted on to straighten the railroad tangle and eventually bring the railroads to a position of high credit.

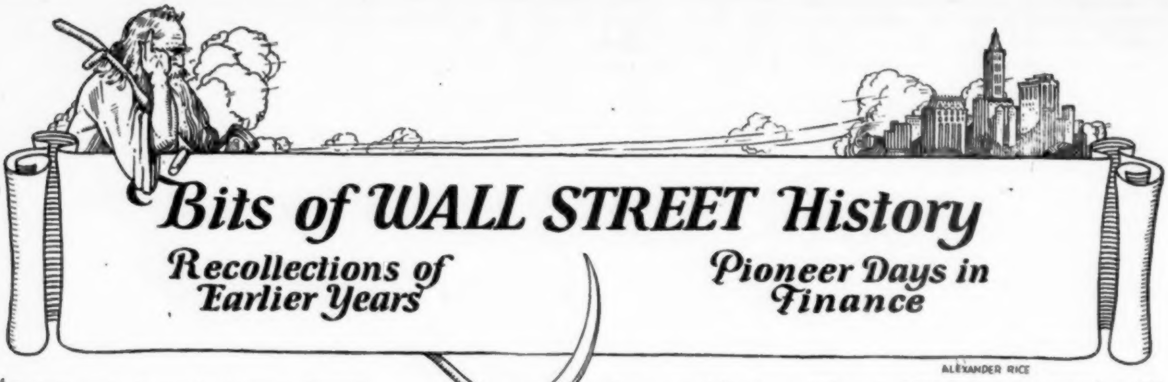
Unity of Rates Imperative

In discussing the impracticability of separate control over rates, the Court stated: "Effective control of the one must embrace some control over the other in view of the blending of both in actual operation. The same rails and the same cars carry both. The same men conduct them. Commerce is a unit and does not regard state lines and while, under the Constitution, interstate and intrastate commerce are ordinarily subject to regulation by different sovereignties, yet when they are so mingled together that the supreme authority, the nation, cannot exercise complete effective

The Judges of the Supreme Court of the United States

The Supreme Court decision in the Minnesota rate case paves the way for a more uniform rate structure. The obstacles hitherto imposed by the conflict of authority between Federal and state authorities are now practically removed, and, under a single Commission, protected by the provisions of the Transportation Act, the carriers should gradually make progress to their old-time strong position.

(The Council for the Security Owners' Association (amicus curiæ) was permitted to file a brief in the case, not as party to the action before the Supreme Court, the contentions of which were in accordance with the opinion of Chief Justice Taft.)



Bits of WALL STREET History

Recollections of Earlier Years — Pioneer Days in Finance

ALEXANDER RICE

"I'VE made it my business to investigate so-called big business, and I have come to the conclusion, much to my surprise, that Wall Street is about the cleanest form of big business a man can engage in when all is said and done."

This statement was recently made by one of the keenest business analysts in the country. While it may provoke guffaws among those who base their judgment of Wall Street mainly on the nefarious antics of the parasites who endeavor to trade illegitimately on its reputation, it is an encouraging sign of the times that those who know Wall Street and its true standards are not likely to dispute the statement made.

It was not always so. A generation ago such a statement could not be made in entire good faith, and two generations ago Wall Street was little more than a cockpit for professional gamblers with but a modest corner for the legitimate broker.

Some people are fond of explaining the radical change in the methods of the Street by saying that human nature is ever growing better, but while that would be difficult to prove, no proof is needed to show that conditions have been growing ever better in support of legitimate business methods. Wall Street to-day is bigger than the biggest of big businesses in the sense that it is entirely beyond the control of a single man or a single group of men. *There is no longer any such thing as manipulating Wall Street.* The pools that are formed in certain stocks, from time to time, by groups of insiders are little more than ripples on an ocean of financial fluctuation altogether too vast to be pitched into the temper of a devastating storm because a few insiders are rocking the boat that makes the ripples!

The World's Market

Wall Street to-day is the financial market place not only of the colossal industries of the United States but to a great extent of the industries of the entire world. It is a people's market rather than a speculator's checker-board.

It was not always so. Barely two generations ago we find Cornelius Vanderbilt, who was then only a clever stock speculator, dictating terms to the board of directors of the Erie Railway, then the dominant road of the country, after the manner of the despots and monarchs of history.

"I want Berdell to be president of the Erie. I'm bound to have him, some way, and that's all there is to it. You can be vice-president, have the general management of the road, and the salary of president, if you like. Will that satisfy you?"

Thus spoke Commodore Vanderbilt to Alexander S. Diven, then president of Erie, and he had his way. Stockholders' meetings in those days were *pro forma* affairs of no consequence in the big manipulations that turned stock gamblers like Vanderbilt and Gould into railroad kings over night.

How Old Commodore Vanderbilt Made a Million

There was a time when Erie could have picked up the entire Harlem Railroad, lock, stock and barrel, for the pittance of $90,000, and if it had, Erie to-day would be where the Vanderbilt system of roads is to-day. The old "Commodore" saw his chance to snap up the Harlem road in 1863 when its stock was kicked around the Street at 30, and by cornering his holdings against the Street, Vanderbilt succeeded in juggling the price of the stock until it climbed to 285 before the fall of 1864! Incidentally, Vanderbilt managed to trim his ancient adversary, Daniel Drew, who was trapped in the Harlem corner, for a cool million dollars. Two years later Cornelius Vanderbilt was the greatest railroad power in the United States! There was nothing slow about those quaint, benign old-timers who would cheerfully cut each other's throats, and jeopardize the interests of their stockholders, in the most sanguine gamble for personal supremacy in the field.

An Old-Time Bear

If a man like Daniel Drew lived to-day it is difficult to conceive of him residing anywhere outside of Sing-Sing. It was well known to Drew's associates in the Erie board of directors that he was in the habit of freely using Erie stock in his Wall Street operations, and always to his own personal gain. Drew was a bear speculator. He made fortune after fortune by artificially depreciating the stock of the Erie, and by heaping discredit on the property, which he was bound to protect as treasurer. Such was the general demoralization in big business circles of that time that Drew was permitted to raid the credit of the Erie tacitly abetted by his associates in the board, who openly boasted of their "personal probity and business integrity."

When in 1866 Erie was quoted at 97, and its management was at its wits end to pay its enormous floating debt, Daniel Drew managed to put over a deal *as money lender to the very road he had plucked,* which would certainly have landed him in the District Attorney's charge had he lived in our day. Not only did the crafty Drew advance Erie a loan of $3,480,000 for two years at 7 per cent on 28,000 shares of stock, but upon receiving the $3,000,000 issue of convertible bonds he instantly took it upon himself to *convert the bonds into stock.* With this large holding in his hands he hammered Erie down below 70, and squeezed Vanderbilt into a corner, which cost the latter more than one fortune to get out of. It was Drew and his nefarious stock-jobbing schemes that founded the era of scandalous mismanagement and criminal abuse of power, which made Erie a stench in the nostrils for decade upon decade, extending even to our own day and time.

Poor Erie

As soon as Vanderbilt got control of the New York Central in 1867, he laid a trap for Erie. A little wire-pulling and Vanderbilt ousted Drew as director and installed one of his lieutenants, Frank Worth, as president of Erie. A certain "J. Gould," of the brokerage firm of Smith, Gould, Martin & Co., was also put into that historic board together with one Fish or Fiske or Fisk. The papers of that day did not know Jay Gould nor James Fisk, Jr., because these two men were as yet obscure, but it was not many months after these fellows got into the Erie board that the papers learned to spell their names!

The notorious "Erie war" was on in earnest now. Drew was out, but he wasn't down and out. The Drew-Vanderbilt duel began. Vanderbilt won the first bout with an injunction against the Erie directorate to restrain its members "from the settlement of certain outstanding accounts between Daniel Drew, treasurer of the Company, and the Company itself." The injunction being granted, Vanderbilt moved to have Drew put out of office. Even with this injunction hanging over his head Drew did not scruple to convert $5,000,000 of bonds into Erie stock and dump the whole parcel on the Street! Vanderbilt and his clique picked up most of it—about 100,000 shares in two weeks at 7,000,000—and a panic was averted. The only thing that eventually stopped the wily Drew in his mad "conversion career" was

not the letter of the law, at which he snapped his fingers, but the official notification of the New York Stock Exchange that "no certificates of Erie stock bearing date after March 7 should be good delivery."

Drew's counter move was to secure an order suspending Frank Worth from the directory of the Erie on allegation that he was "acting in the board against the interests of the Company, and in the interests of the New York Central R. R. Company to the great injury of the former."

A Profitable Situation for the Lawyers

Against this situation the Vanderbilts moved with a New York Supreme Court order enjoining the board from transacting business "without the presence of Frank Worth in the board." Drew met this with a petition to Judge Gilbert of Brooklyn served by Wm. Belden of the Wall Street house of Fisk & Belden, alleging that a combination to ruin the Erie had been formed by Cornelius Vanderbilt and then, naming also Justice Barnard of the New York Supreme Court, and asking for a writ restraining all parties in previous suits from proceeding further. This injunction was granted. In fact, everything had been granted from the bench, *pro* and *con*, with the result that the Drew-Vanderbilt litigation had become so entangled and snarled with motions and counter-motions and writs that it was utterly impossible to decide upon a course of action when the parties appeared in court!

Drew's Getaway

During this lull, the ever alert Drew made his infamous "getaway" by transferring the Erie headquarters from New York to Jersey City, thus placing the affairs of the road under Jersey law! Fancy the treasurer of the New York Central to-day moving that road's headquarters into another state with an injunction pending against him! Where was the law and its upholders in those "fine, old days"; where were the stockholders and its official representatives? Most certainly, it was "the-public-be-damned" era when railroad kings controlled the legislature with a nod and governors were at their beck.

There was now an era of "Erie exiles" in New Jersey. Soon these were compelled to ask for police protection against the raids made against their persons by bands of kidnappers organized by the Vanderbilts, whose motive was to carry the exiles back to New York jurisdiction by force! One gang of railroad spoilers was as crooked as the other. The end to be achieved was everything. The means to an end was nothing.

As the Erie exiles could not go to Albany to plead their case in person they prevailed on Jay Gould to go for them on pledge of immunity, which the Vanderbilts managed to have nullified with the startling result that Gould was placed under arrest. The dispatch he wrote David Dudley Field, his counsel, dated Albany, March 31, 1868, is characteristic: "I am arrested by the Sheriff, returnable Saturday. This is in violation of your agreement with the Sheriff. Bail $500,000. Jay Gould."

Vanderbilt Gets a Hunch

Some time after this incident the old "Commodore" seems to have gotten a "hunch" that in fighting the Erie bill further he was, in a sense, fighting against himself. A settlement was made between Drew and Vanderbilt. The Erie exiles returned to New York. Jay Gould succeeded John S. Eldridge as president of the Erie and on the same board we find the notorious names of Wm. M. Tweed and Peter B. Sweeny, then in complete control of the political machinery of New York City and State, sad to say. The Drew-Vanderbilt litigation cost poor old Erie a round $7,000,000 of its funds. It did not cost the litigants anything!

Jay Gould's Work

At the time that these events took place the original Erie Railway Company was a local line extending as far as Buffalo, N. Y., up to 1868. Erie could run no further because it was a 6-foot gauge road while the connecting lines were standard gauge.

It remained for Jay Gould to extend Erie on interstate lines, by laying down a third pair of tracks, so that the system, under his dynamic management, pushed as far westward as Cincinnati, O., and St. Louis, Mo. Nevertheless, poor old Erie, which has the distinction of issuing the first time-tables ever used in this country, as far back as 1841, was fated to fight a battle royal for its corporate life in the courts of New York and Pennsylvania for almost two decades before the let-up came in the shape of the General Railway Law.

This is the first of a series of articles on certain phases of Wall Street history which have had a great bearing on the formation of the railroads and industrial corporations of America. In its relation to the stock market, this series is of significance showing the methods of our old buccaneering financial group as compared with the more modern and ethical methods of their contemporaries.—EDITOR.

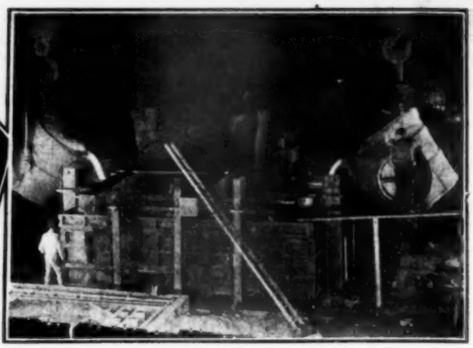
BROADWAY FROM WARREN TO READE STREET IN 1854

This interesting print shows downtown New York of sixty-six years ago.

Photographic Glimpses of Business and Finance

MODERN FARMING
Hauling 1,100 bushels of barley by tractor in the Middle West

CHAS. E. MITCHELL
Youngest "big bank" president (National City Bank)

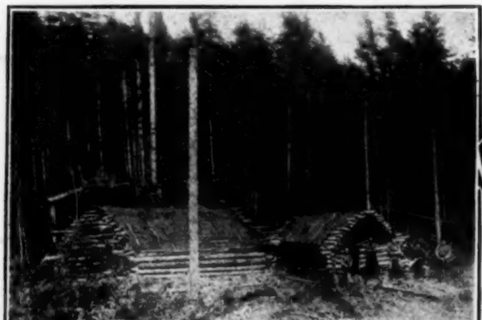


POURING MOLTEN METAL
Making iron casting at South Phila. works of Westinghouse Elec. & Mfg. Co.

Oil wells water does not affect. Picture of the famous Caddo Lake at Shreveport, La.

On the Floor of the N. Y. Stock Exchange

A forty-five car train on the Horseshoe Curve of the Pennsylvania line



TO-MORROW'S PAPER
Standing timber on Int'l Paper property

P. A. S. FRANKLIN
Builder of the Inter. Mercantile Marine

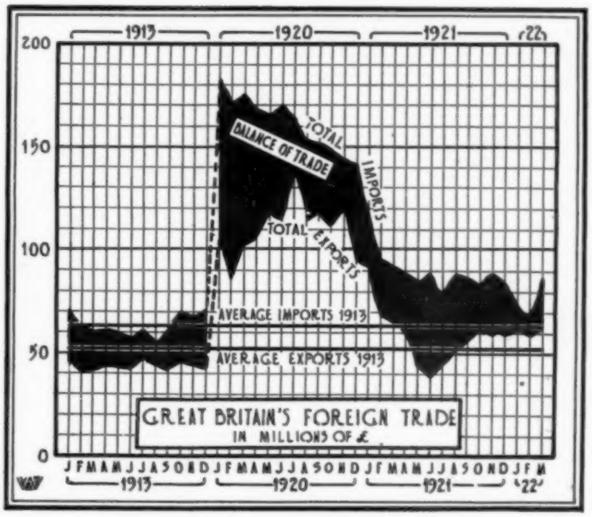
THE FIRST
Henry Ford's Original automobile

Foreign Trade and Securities

What Is England's Position To-day?

What Foreign Trade Figures Reveal—The Industrial Outlook

By FRANKLIN W. PEARCE



ENGLAND, to-day, looks to be in readiness for a wave of prosperity, or near-prosperity, providing certain groups of her labor classes will permit it.

The country's foreign trade, woefully dislocated during the war, is getting back into hand.

The currency now commands an exchange value within an appreciable distance of par.

British industries, while "spotty," are crawling out of the slough into which they were plunged by last year's coal strike.

Demand for British goods, as instanced by the British Industries Fair, is better than it has been for many months.

The Government Budget, for the fiscal year just closing, is expected to show a small surplus.

Money is in good supply, and there is an improved market for new capital issues.

The Darker Side

The darker side of the British situation is the country's position with regard to labor. Just emerging from the effects of the coal strike, which nipped a promise of prosperity in the bud last year, the country's industries have been plunged back into the slough by a strike of some 600,000 skilled engineers and threatened upheavals in the cotton industry.

On the outcome of this labor situation, observers believe the country's immediate industrial future will depend. The British Government, besides employing a philanthropic measure known as the "dole" system to keep its workers in food and clothing, has voted great sums to aid public works, in order to reduce unemployment since the war. Advices to Washington are that no less than 3,560 unemployment relief schemes have been approved, involving a total outlay of over one billion dollars. These movements, coupled with a slight upturn in business, had begun to produce substantial results by late last month, when the number of unemployed stood at the lowest point in months.

If the points of difference between employers and workers in the industries now menaced can be ironed out, the belief is general that a period of greater activity and prosperity is at hand. Otherwise, all the good accomplished by a year of drastic readjustment may be neutralized.

Foreign Trade

The enormous dislocation of Britain's industry, trade and credit which took place during the war is pictured, in some part, in the graph herewith. The nation's creditor position calls for an excess of imports over exports during normal times, the trade balance average for 1913, as shown, giving a fair idea of the relation between exports and imports under average conditions. How Britain's imports rose by £28,000,000 from the pre-war average to the post-war peak, and her exports by £97,000,000, will always be one of the most vivid examples of a war's amazing industrial effects.

Analyzing the foreign trade figures of recent months, with an eye to determining the future trend, an impression of stability is obtained such as has not been evident for many months. The impression gains strength from the knowledge that the country's imports of raw materials increased considerably during the last month reported (March) indicating correspondingly increased activity in the domestic market. The widening of the line between imports and exports is also a reassuring factor.

One of the salient features of the latest foreign trade figures has been the noteworthy increase in textile exports. Exports in March reached a total of over 18,751,000 pounds, an increase of 3,838,000 pounds as compared with the previous month and a gain of 9,971,000 pounds over March, 1921.

Exports of piece goods during March totaled 303,858,000 square yards, or more than 50 million in excess of the previous month, and over 70 million in excess of March, 1921. Woolens, worsteds and woolen yarns were also exported on a correspondingly large scale.

Realizing that the startling declines in foreign trade figures late last year and early this year were in some part due to price reductions; noting the tendency toward stabilization now existing; and considering, finally, the important upturns in certain standard lines, the conclusion is reached that Britain's place in international markets is strengthening, with the tendency toward further improvement.

Domestic Trade

Greater activity in British domestic trade is indicated by the results of the British Industries Fair. Attendance at the fair was considerably in excess of expectations, and buying was on a large scale.

The iron and steel business has been affected by the crisis in the engineering trade, but the output here has considerably increased, and prices have firmed up. The February output of pig iron was 300,100 tons, against 288,000 tons in January; while production of steel ingots amounted to 415,000 tons, against 327,000 in the previous month. Both figures are higher than for any month since the coal stoppage set in. Monthly average for pig iron in 1920 was 669,500, and for steel ingots, 755,600, againt 217,600 and 302,200 respectively in 1921. The number of blast furnaces operating at the end of February was 101, against 90 at the end of January.

The British coal industry is active, with the export market well maintained. Comparative position of the industry is reflected by the fact that total S. Wales exports for the week to March 10 were 528,811 tons, the highest for any week since the war, and comparing with 441,025 to March 3, 348,234 to February 3 and 623,869 in corresponding week of March, 1913.

Financial Situation

The broad financial situation in Eng-

(*Continued on page* 950)

Why Foreign Government Bonds Have Advanced

American Investors Taking Greater Interest in Good Foreign Issues—Many Bonds Still Obtainable at Attractive Prices

By THOMAS B. PRATT

PRICE movements in foreign bonds, both on the New York Stock Exchange and in the "over the counter" market that exists for foreign currency issues, have followed the general trend of the domestic bond market. Trading during the past few months has been extremely active and prices have advanced rapidly. In some cases these advances have amounted to over twenty points. In others, advances have been small, but in such cases there have been obvious reasons that have held back the market.

New York and London during the past few months have become active competitors for new issues. In some cases, issues have been brought out jointly in London and New York, but it is interesting to note that in one recent underwriting brought out simultaneously in Amsterdam, London and New York, it was a London banking house that negotiated the loan. London has resumed to some extent her former position in the foreign government bond market.

In 1920, that financial center did practically no foreign government financing. In fact, it was not until the end of 1921 that London became a factor at all in the market. At that time she commenced to realize the effect upon her foreign trade and her prestige resulting from her lack of participation in, foreign government financing and London bankers entered the market again and since that time there have been a number of issues arranged in London.

FOREIGN CURRENCY ISSUES

	Low 1921	Pres. Price	Pts. Advance
Argentine Ry. Rec. Loan 4s..	42	65	23
5s of 1909 (Unlisted Small)	58	79	21
Belgium Premium 5s 1920....	72	83	11
Restoration 5s 1919........	69	76	7
Brazil 4s 1889..............	34½	46½	12½
4% Loan 1910............	33⅞	46½	12⅝
Recission 4s 1900..........	32	48	16
4½s 1883	35¾	55	19¼
British Victory 4s...........	55½	80½	25
Funding 4s	51½	78½	27
5s of 1922..............	74½	92½	18
5s of 1927..............	72½	94½	22
5s of 1929..............	70¾	94½	23¾
5s of 1929-47............	64½	90	25½
Chinese Reorganization 5s....	48	65	17
French Premium 5s.........	69¾	87	17¼
Victory 5s	60½	78½	18
Japanese 5s 1907...........	56¼	74	17¾
Uruguay 5s 1919............	58	76	18

Note:—Except for Belgian and French issues, prices shown above are quoted in per cent. The British 5s of 1927 at 94½ is equivalent to $945 per £200. Belgian and French issues are quoted in dollars per 1000 francs.

American Public Interested

Considering the fact that twenty years ago foreign government loans were almost unknown in the American market and that it was not until after the outbreak of the World War that this country really became a factor in that class of financing, the interest that is taken by the public in such issues is remarkable. **During the past seven years, the American investor has absorbed over one and a half billion dollars net of foreign securities underwritten in this country.** In addition to that amount, an equal amount has been invested in what are known as foreign currency bonds, that is, government issues in other than dollar currency. Much of this billion and a half has, of course, been put into speculative issues, not for investment but as a gamble in exchange. This applies particularly to the purchase of German securities. The fact remains, however, that the American investor has attained an international view-point and, generally speaking, is now almost as much interested in foreign issues as in domestic.

Profits in Foreign Bonds

The tables accompanying this article indicate the profits that have already been made in foreign government issues. This applies both to the dollar and the foreign currency issues. The advances from the lows of 1921 average around fifteen points, but there are many issues that show even larger percentages of profit. A study of the yields shown in the tables indicates that there are still possibilities for further profit in these issues. These yields are considerably higher in most cases than those provided by high-grade domestic issues. This is due largely to the fact that the American investing public has not as yet given such bonds its full confidence.

Government bonds have always been considered by the English investor as investments of the highest grade. Their confidence in such securities has been amply justified when a study is made of the percentages of default on such securities as compared with other classes of bonds.

It may be some time before foreign bonds are as highly regarded by the American investor as are high-grade rails, for example. The British issues are now on a comparatively low-yield basis and issues of other countries are moving higher each week. The present bond market will continue active and strong for many months, according to all present indications, and further advances may be expected in the foreign bond list. As conditions in foreign countries become more normal, the confidence of the people in this country will be strengthened and prices will further advance. The United States has progressed much further than other countries during the past six months in respect to resumption of business activity. We have not had to contend with currency inflation, and we were in much better position to withstand the shock of the business depression that came upon the world at the close of 1920 and that lasted throughout 1921. In this country there has been a distinct improvement in business conditions, but in European and South American countries there have been factors at work that have retarded materially the processes of reconstruction. If the Genoa Conference succeeds in solving some of the economic problems confronting Europe there will be considerable improvement in business conditions throughout the world in the next few months. As yet the success of the conference is problematical.

The comparison of prices existing to-day with those of a year ago, indicates the change that has come about in that short period. Somewhat less than a year ago foreign government bond issues were being brought out on an 8% yield basis. To-day the average yield is around 7%. The process of refunding the high interest-bearing issues brought out in 1920 and 1921 has already started and will doubtless continue for some time to come. There are some issues that are non-callable, but most of the issues have some provision that permits the issuing government to call the bonds before maturity. Where such provisions do exist it is certain that the governments will take advantage of the privileges allowed them, because the burden of paying 8%, and sometimes more, considering the cost of underwriting, is too heavy to carry.

Future of Foreign Bonds

There has been some speculation as to the future of the foreign bond business in the United States. In so far as the foreign-currency bond field is concerned, there is considerable room for doubt as to its future. It is generally known that houses that have specialized in such issues have found considerable difficulty in obtaining attractive issues in sufficiently large blocks to warrent marketing in this country. The entire lists of the exchanges

ACTIVE FOREIGN GOVERNMENT DOLLAR LOANS

	Maturity	Low 1921	Pres. Price Approx.	Advance	Yield
Denmark 8s	July 1944	95½	112	16½	6.95
Japanese 4s	Jan. 1931	56	78½	22½	7.30
Japanese, 1st Series, 4½s	Feb. 1925	75⅞	91¾	15⅞	7.60
Japanese, 2nd Series, 4½s	July 1925	75⅞	90½	14⅝	8.10
Italian 6½s	Feb. 1925	81	96	15	8.00
Norway 8s	Oct. 1940	96½	112	16½	6.83
Swedish 8s	June 1939	81¼	100¾	19½	7.90
Swiss 8s	July 1940	103⅛	117	13⅞	6.40
British 5½s	Aug. 1929	86	107½	21½	4.30
British 5½s	Feb. 1937	83	102½	19½	5.28
Belgium 6s	Jan. 1925	87	103½	16½	4.75
Belgium 7½s	June 1945	95	109½	14½	6.70
Belgium 8s	Feb. 1941	96½	108	11½	7.20
French 8s	May 1945	96½	107½	11	7.35
French 7½s	June 1941	93¼	104½	11¼	7.10
Chile 8s	Oct. 1926	98⅞	102¼	3⅜	7.30
Chile 8s	Feb. 1941	92	105	13	7.50
Chile 8s	Nov. 1946	99	105	6	7.55
Uruguay 8s	Aug. 1946	98¼	106½	8¼	7.40
Queensland 7s	Oct. 1941	99⅛	109	9⅞	7.15
Brazil 8s	Jan. 1941	97¼	108	10¾	7.20

of the world have been gone over time and again in order to find some attractive issue that might be introduced in this country. This is becoming more difficult with each passing day. Furthermore, with the large advance that has taken place in sterling exchange, the speculative possibilities of such issues has been materially lessened.

In regard to dollar issues, however, it seems to be the consensus of opinion among bankers that this business is going to extend and grow with considerable rapidity. It will extend into the industrial field and will open up unlimited opportunities for attractive investment by Americans. The opportunities that exist throughout the world to-day for American capital are exhaustless, and many of these are high grade well-secured undertakings that should appeal to the investors of this country. Such investments will have an important bearing on our foreign trade, and consequently on our general prosperity, for we are still dependent in large measure upon exporting our excess products of manufacture and agriculture. The productive capacity of the United States is far in excess of our consumption, and, therefore, in order that we may continue to produce to capacity it is necessary that we find a market for our excess production.

Unconsciously the American people have been an important factor in the resumption of business activity in this country through the purchase of foreign bonds. Such purchases increase the buying power of our foreign customers. Through them credits are established in this country with which they are enabled to buy the products of our industries and our farms.

It was the foresight of the Dutch and English investors that made those countries such important factors in the trade of the world. Neither country could have assumed such importance without becoming great lenders of money in other countries. The United States up to 1915 did practically no lending abroad. In fact, it was a debtor nation and owed to investors of other countries approximately $5,000,000,000. Since 1915 that five billion dollars has been paid off, and we have loaned other countries in one form or another approximately fifteen billion dollars additional.

Present Yields

In the list accompanying this article are shown many securities that are on a seven and eight per cent. basis. Many of the nations represented in the list were able before 1914 to borrow money at an average price of three per cent. A great many of them will again be able to borrow abroad at low rates of interest, and the tendency is well illustrated by the movement that has taken place in the Swiss 8s of 1940. This issue was brought out on an 8% basis less than two years ago, and is now selling on a 6.40% basis. Another example is the British 5½s of 1937. That issue in 1921 was on a 7.30% basis and is now on a 4.30% basis. Switzerland and Great Britain have recovered rapidly in the past few months, but a year ago no one would have predicted that conditions would have changed as rapidly as they have. The same opportunities exist in other countries. There are, of course, some countries in which conditions are not particularly favorable. Chile and Brazil are two examples, and their bonds are selling on about a 7¼% basis. Both countries have been heavy borrowers of money abroad, and neither one has shown any particular tendency to economize in their expenses. Both countries are dependent absolutely upon their foreign trade for the receipts to meet the service requirements of their obligations.

The Advance in Sterling

The situation in the foreign currency market has changed materially in the past year. A year ago sterling exchange was selling considerably under $4 and bonds on the London Stock Exchange were making new lows. Since that day exchange has advanced nearly one-half dollar, interest rates in Great Britain have declined, bond prices have advanced and a demand has been created for high-grade issues. The result is that there are not the opportunities to-day that existed a year ago, but at the same time exchange still has quite a ways to go before reaching par.

Investment in foreign government bonds are considered as a class the safest that may be made. This does not apply, of course, to all foreign government bonds, and the purchaser should always be particularly careful about the credit and standing of a country before becoming one of its bondholders. As a rule, there is no security behind a foreign government bond beyond the faith and credit of the people. With a country that is jealous of its position among the nations of the world, that is the best security that may be had, but a country may meet extraordinary conditions through loss of foreign trade or as a result of wars that would prevent it from meeting its obligations for a time, at least, and the investor, therefore, must consider both the political and economic conditions surrounding a country before purchasing too heavily in its securities.

Conclusion

The main reason for the advance in the better type of foreign Government securities, including municipal obligations, has been the fact that while not by any means restored to a sound basis, Europe has evidently turned the corner and is slowly approaching a more stabilized condition than has been possible since 1914. In these circumstances, the rise in foreign exchange over the past few months and the consequent advance in bonds of this description, is easily appreciated. How far the advance will go is dependent, of course, on what progress economically Europe is able to make. From present indications, progress will be slow, but, nevertheless, it will be progress of a sort.

The best opportunities in foreign Government bonds appear to be in those of the so-called "dollar" variety; bonds, in other words, which are payable, principal and interest, in American dollars. These bonds have been enumerated in the accompanying table, entitled "Active Foreign Government Dollar Loans." Next to this group come the bonds payable in sterling such as most of the bonds listed in the table entitled "Foreign Currency Issues." The foreign municipals are also attractive and a number of them can still be secured to yield about 7%, an inordinately high yield compared with the traditional credit of these communities.

ACTIVE FOREIGN MUNICIPAL LOANS

Name	Maturity	Int. Dates	Low—1921	Pres. Price Approx.	Pts. Advance	Yield at Pres. Price
City of Bergen 8s	Nov. 1945	M & N	May 15—93¼			
City of Berne 8s	Nov. 1945	M & N	Jan. 5—93	112¼	10	6.95
City of Bordeaux 6s	Nov. 1934	M & N	Mar. 15—74	112¼	19¼	6.95
City of Christiania 8s	Oct. 1945	A & O	Feb. 17—94½	90	16	7.20
City of Copenhagen 5½s	Feb. 1946	J & J	May 15—72	111	16½	7.05
City of Marseilles 6s	Nov. 1934	M & N	Mar. 15—74	93	21	6.05
City of Rio de Janeiro 8s	Oct. 1946	A & O	Oct. 8—97¾	90	16	7.20
City of Zurich 8s	Oct. 1945	A & O	May 11—94½	106	8½	7.45
City of Tokio 5s	Sept. 1952	M & S	Jan. 3—43	112	17½	6.95
Danish Municipal 8s	Feb. 1946	F & A	May 4—95½	74	31	7.10
				112	16½	6.95

Price Movement and Its Relation to Business

ARTICLE IV

Foreign Exchange Rates—An Important Factor in Future Prices of Goods and Securities[1]

By H. PARKER WILLIS

DURING the years prior to the European War prices were usually studied from a domestic point of view and there were only a few practical men who were inclined to give much attention to international price comparisons. Still fewer were disposed to regard international price levels as directly affected by foreign exchange variations. The financial experience of the war has altered these points of view very pronouncedly; and has made it clear that the establishment of a satisfactory equilibrium between the price levels of different countries is of fundamental importance to steady production and trade between such countries, and that prices both directly affect and are affected by foreign exchange fluctuations.

Securities Also Affected

Experience has also shown the important relation of foreign exchange rates to the value of securities. Before the war, with fairly stable quotations of exchange, it was possible to trade freely in the different markets of the world without much more hazard than that which was entailed by the natural fluctuations in the security values themselves. This, of course, has not been possible since changes in currency units introduced a new element of uncertainty and doubt into such transactions. The fact that a given security stated, say, in dollars could be used for the purpose of providing dollars with which to pay for shipments of goods at a time when exchange favored such transactions, has naturally tended at times to force securities upon the market in a way that otherwise would not have been probable. The converse of this situation is also operated in the opposite direction, and there has been a corresponding disturbance of the equilibrium of security markets which has continued steadily up to the present time. The ready made expedient of stating new issues of securities always in terms of dollars when offered for sale and of insisting upon payment in dollars in New York against exports from this country has undoubtedly relieved many cases of individual doubt or uncertainty as to credits, but is in no way a solution of the problem. Merely to compel a foreign buyer or borrower to come to your own terms by forcing him to assume all of the exchange risk, does not help to lessen such risk but, on the whole, tends to increase it. This is perhaps the main reason why the so-called stabilization of exchange has come to occupy a place of primary importance in the international discussion of economic questions which is now going on at the Genoa Conference and elsewhere. It has been recognized that fluctuations in international exchange rates not only affect exporters and importers but also exert a direct influence upon the domestic prices of securities, as well as upon the general question of international relationship in all commercial and financial matters.

FOREIGN EXCHANGE INDEX

Month	Value of foreign currencies in terms of the dollar	Value of the dollar in terms of foreign curencies
Pre-war par of exchange	100	100
1918		
November	101	99
December	101	99
1919		
January	101	99
February	100	100
March	99	101
April	96	104
May	93	108
June	97	103
July	92	109
August	92	109
September	88	114
October	88	114
November	84	119
December	77	130
1920		
January	78	128
February	70	143
March	72	139
April	73	137
May	72	139
June	74	135
July	74	135
August	66	152
September	67	149
October	61	164
November	58	172
December	55	182
1921		
January	54	185
February	55	182
March	54	185
April	57	175
May	65	154
June	59	170
July	53	189
August	52	192
September	51	196
October	46	217
November	51	196
December	55	182
1922		
January	59	170
February	58	172
March	56	179

Study of Exchange Rates and Prices

The comparative study of exchange rates and prices has accordingly received a good deal more attention within the past three or four years than ever before, and very detailed analyses have been made for the purpose of showing the degree of relationship between exchange quotations and prices. Indexes of foreign exchange have been computed for the principal foreign countries, the result being to establish a definite basis of relationship between price levels and exchange rates. A good deal of work on this subject has been done by the Federal Reserve Board which has prepared not only an index of foreign trade but also an index of foreign exchange. This index of foreign exchange as computed up to date is given in the accompanying chart and tables.

In order to understand the significance of the accompanying chart, it is necessary to remember carefully the methods employed in the preparation of it. These methods may be sketched substantially as follows:

What the Index Represents

Taking the average value of the daily quotations of 18 leading countries for each month, the Board reduced these quotations to percentages of par and then weighted them by the total volume of merchandise and gold and silver imports and exports from and to each respective country for the preceding month. The index represents the weighted geometric average of cable transfer rates on the different countries. Weighting the quotations on the basis of the previous month's commerce has the advantage of giving each country the relative importance it possessed on the most recent available date. The proportion of our total foreign trade with each of the principal countries does not change materially from month to month, but in so far as gradual changes

[1] This is the fourth of a series of articles dealing with the price situation, by H. Parker Willis and E. D. King. The earlier articles of the series appeared February 4, March 4, April 1.

take place they will be reflected in the weights. On account of the lack of definite information about invisible exports and imports no allowance is made for them in the weighting. It is believed that the final index would be modified but slightly even if additional data regarding invisible items of the trade balance were available and were included in the weights.

It will be noted from the accompanying table that such an index may be stated in two ways:

(1) As the value of selected foreign currencies in terms of dollars. In this case the index measures the composite rate of appreciation or depreciation of these currencies with regard to the dollar, or to express it concretely, it shows how many dollars and cents would be required at prevailing rates of exchange to buy in New York what at par would be one hundred dollars' worth of foreign currencies.

(2) As the value of the dollar expressed in terms of selected foreign currencies. In this case the index measures the composite rate of depreciation or appreciation of the dollar with regard to these currencies, or speaking more concretely, it shows how much foreign currency at prevailing rates one hundred dollars will buy in New York.

At the time of the armistice, the foreign exchange index was slightly above 100 per cent., i. e., the dollar stood slightly below par. This comparatively high level of the foreign exchange rates was due to the "pegging" arrangements by which the foreign exchanges were maintained by the allied Governments, together with the premiums existing on the currencies of neutral European countries and of South American and oriental countries. Since that time, rates on all of the countries show decided declines.

Buying Power of Foreign Currency

From this study of foreign exchange quotations the conclusion to be drawn is that the buying power of the monetary unit in various countries steadily varied in its power to command the goods of other countries in the degree shown by the figures and reflected in the graph. By comparing this movement with domestic prices for these same countries it can be ascertained at any time whether the foreign and domestic purchasing power of a given country are widely at variance. Where such variations between foreign and domestic purchasing power exist the outcome necessarily is to bring about a corresponding effect upon foreign trade. If, for instance, the domestic price level

(*Continued on page* 957)

FOREIGN EXCHANGE RATES

COUNTRIES INCLUDED IN COMPUTATION OF INDEX

[Rates in cents per unit of foreign currency]

Countries	Monetary unit	Par of exchange	Low March	Low February	High March	High February	Average March	Average February	Index (per cent of par)* March	Index (per cent of par)* February	Weight March	Weight February
Belgium	Franc	19.30	8.1900	7.9500	8.7100	8.7300	8.4311	8.3195	43.68	43.11	29	28
Denmark	Krone	26.80	20.3700	20.1900	21.3600	21.0700	21.1081	20.6414	78.76	77.02	21	11
France	Franc	19.30	8.8100	8.3300	9.2100	9.2000	9.0033	8.7305	46.65	45.24	70	76
Germany	Reichsmark	23.82	.2945	.4339	.4360	.5207	.3585	.4811	1.50	2.02	84	80
Italy	Lira	19.30	4.9000	4.6400	5.4000	5.3300	5.1115	4.9095	26.48	25.44	24	35
Netherlands	Florin	40.20	37.3400	36.9900	33.3600	38.4700	37.8452	37.6082	94.14	93.56	27	29
Norway	Krone	26.80	17.2800	15.8700	18.0900	17.2700	17.6150	16.6641	65.73	62.18	8	8
Spain	Peseta	19.30	15.3600	15.2000	16.0300	16.0300	15.6533	15.6927	81.11	81.31	18	21
Sweden	Krona	26.80	25.6300	25.4400	26.6300	26.6600	26.1563	26.1495	97.60	97.57	34	23
Switzerland	Franc	19.30	19.3300	19.4400	19.5900	19.6000	19.4548	19.5227	100.80	101.15	11	10
United Kingdom	Pound	486.65	429.3600	428.7800	444.0300	443.2200	437.5719	436.2000	89.92	89.63	243	244
Canada	Dollar	100.00	95.5469	95.5547	97.9844	97.9844	96.8604	96.3114	96.86	96.31	156	155
Argentina	Peso (gold)	96.48	80.1300	80.6400	84.9000	83.8300	82.7785	82.5764	85.80	85.59	34	29
Brazil	Milreis	32.44	13.4400	12.6100	13,9600	13.6500	13.6678	13.2459	42.13	40.83	31	29
Chile	Peso (paper)	†19.53	10.8750	9.8750	11.6875	11.0000	11.4050	10.3958	58.40	53.23	11	7
China	Shanghai tael	†66.85	67.2900	68.6400	72.9600	74.2400	70.7541	72.1532	105.84	107.94	50	51
India	Rupee	48.66	27.5000	27.7400	28.0900	28.4400	27.8215	28.1427	57.18	57.84	29	23
Japan	Yen	49.85	47.1900	47.2600	47.5000	47.4000	47.3485	47.3727	94.98	95.03	111	141

OTHER COUNTRIES

Countries	Monetary unit	Par of exchange	Low March	Low February	High March	High February	Average March	Average February	Index (per cent of par)* March	Index (per cent of par)* February
Austria	Krone	20.26	0.01300	0.0199	0.01900	0.0339	0.01500	0.0281	0.07	0.14
Bulgaria	Lev	19.30	.6850	.6817	.6983	.7083	.6880	.6930	3.56	3.59
Czecho-slovakia	Krone	20.26	1.6213	1.6894	1.8978	1.9316	1.7333	1.8550	8.56	9.16
Finland	Markka	19.30	1.9763	1.9857	2.1214	2.0214	2.0600	2.0029	10.67	10.38
Greece	Drachma	19.30	4.2200	4.4200	4.5800	4.6000	4.4407	4.5082	23.01	23.36
Hungary	Krone	20.26	.1032	.1425	.1450	.1563	.1256	.1497	.62	.74
Poland	Polish mark	23.82	.0213	.0237	.0262	.03100	.0236	.0286	.10	.12
Portugal	Escudo	108.05	8.0300	7.2400	9.1700	8.0200	8.4293	7.4895	7.80	6.93
Rumania	Leu	19.30	.7159	.7442	.7942	.8233	.7485	.7953	3.88	4.12
Yugoslavia	Krone	20.26	.3048	.3055	.3579	.3316	.3207	.3235	1.58	1.60
	Serbian dinar	19.30	1.2200	1.2267	1.4560	1.3300	1.2899	1.2975	6.68	6.72
Cuba	Peso	100.00	99.8250	99.7501	99.9375	99.9375	99.8878	99.8542	99.89	99.85
Mexico	do	49.85	48.6875	48.6250	49.7375	49.0250	49.2888	48.8076	98.87	97.91
Uruguay	do	103.42	79.2600	75.6100	82.2000	82.3700	80.7326	79.2391	78.06	76.62
China	Mexican dollar	†48.11	49.7300	50.4200	53.3500	54.2500	51.6278	52.7445	107.31	109.63
Hong-kong	Dollar	†47.77	51.7000	52.3400	54.4100	55.2900	53.1767	53.9795	111.32	113.00
Straits Settlements	Singap'e dollar	56.78	48.8300	47.8300	50.1700	50.2500	49.5307	49.2959	87.23	86.82

* Based on average. † 1913 average.

How Grain Quotations Are Made

Tracing the Process by Which the Chief Agricultural Commodity is Bought and Sold — Functions of the Chicago Board of Trade

By ROBERT H. MOULTON

WHEN Marconi established his principle of wireless telegraphy some twenty years ago, he might have been called a dreamer had he peered into the crystal sphere of progress and predicted that some day it would be possible for the grain dealer to have his market quotations with his golf game or while on a fishing trip, just as he now has his newspaper to read at the breakfast table, and that the farmer in the field could reach into the air above him and, with the proper kind of "ears," learn exactly the latest prices of the principal grains in the leading market places of the world where the commodity is sold.

While all this has not yet come true in its entirety, it is not too much to say that all signs point to its probable realization in the not very distant future, for already the largest and most important grain exchange in the world, the Chicago Board of Trade, is using the radio to send out its quotations and general market news at half hour intervals during each daily session. The immediate effect of this epoch-marking innovation in the dissemination of such information has been to bring the Chicago market even closer than ever to producers, dealers, and handlers of grain. Plans are now under way to so improve this service that eventually, it is believed, it will be entirely practical for any grain man or farmer, wherever located, to obtain at any moment the latest market news and prices and keep in constant touch with the various factors that influence the effect of supply and demand upon values of grain and allied products.

Photo by Robert H. Moulton

CHICAGO BOARD OF TRADE BUILDING
First photograph ever made of the entire structure since it was erected in 1883

2,500 Quotations a Day

The regular system of transmitting Board of Trade quotations, which has been in vogue for many years, is carried on through the medium of the printing telegraph or ticker and is one of the marvels of the commercial world. Prices on the exchange are ever changing, and every change is immediately flashed broadcast over the country. The average number of quotations sent out in this way on every business day of the year is approximately 2,500 on all grains and provisions, the majority being on wheat. And the wonder of it all is that every one of these hundreds of quotations is available in every part of the United States and Canada, wherever a wire service is maintained, almost as soon as the price is registered in one of the pits of the Board of Trade. Yet familiar as is the sight of the ticker, with its continuous stream of letters and figures on an unbroken line of narrow paper tape, and as simple as the process of ticking them off appears, it is in reality a complex and ingenious system, with which few even in the grain trade are at all acquainted.

Minute after minute during the trading hours of each day prices of grain on the Board of Trade rise and fall. One instant wheat, for example, may sell at say $1.25 a bushel, the next at $1.25⅛, the next at $1.25¼, or possibly back to $1.25, or it may sell at fractions below $1.25—$1.24⅞, ¾, ⅝ and so on—the fractions always being one-eighth of a cent or a multiple of one-eighth. The total range of prices, from low to high, is of course determined by many factors. If news and existing conditions are bullish, such as unfavorable weather or insect damage to a growing crop, coupled with a scarcity of the grain on hand and a large demand, there may be sufficient buying to force there may be sufficient buying to force prices up several cents in a single day—not, however, without the multitude of fluctuations already referred to.

Conversely, if bearish conditions obtain, such as excellent crop prospects, an abundance of grain on hand and a small demand, a predominance of selling orders may send prices down several cents in a day. In this connection it should be borne in mind that grain, and more especially wheat, is a world proposition and that conditions not alone in the United States but in every country on the globe where it is grown or consumed enter more or less into the making of prices. Conditions in the United States, which is the largest producer of wheat in the world, naturally have the most bearing on the price of this grain.

How Quotations are Made

Let us follow a single quotation emanating from the Board of Trade. To begin with, all commission houses doing business on the exchange have representatives or brokers in the various pits. Prior to the opening of a session the brokers assemble in the pits awaiting the gong which announces the opening of a session. They may have any number of orders to buy and sell. During the trading hours new orders come in by telegraph and telephone, and to meet the demands of the latter each commission house has one or more telephone operators on the trading floor in close proximity to the pits.

We will suppose that a commission house with offices in a nearby building receives an order to buy 5,000 bushels of May wheat at $1.25 a bushel. This order is immediately telephoned to the firm's telephone operator on the exchange floor and the latter instantly rushes a written memorandum of the order to his firm's broker in the pit by messenger. If special haste is required he may flash the order to the broker by means of the sign language used by the traders in denoting prices, amounts of grain, and sales and purchases. It is in this way that no time is lost in transmitting the order in its various stages from customer to broker.

The order to buy 5,000 bushels of May wheat at $1.25 having reached the broker, he proceeds to execute it by signaling his desires to some other broker who is willing to sell at that price and who signifies his acceptance of the trade by a nod of the head. The price at which the transaction was completed is noted by a trained observer, or pit reporter, on a raised platform near the edge of the pit, and here is where the transmission of the quotations over the wire starts.

Recording the Sale

The pit reporter quickly writes the price on a slip of paper and flips it to a man at his side. The second man stamps the paper by means of a chronograph which automatically impresses upon it the day of the month, the hour, minute, and second, and passes it to a third man on the "Telegraph Bridge" just above and behind him. The third man stamps the paper with another chronograph, to verify the time of the first one, and hands it to a telegraph operator seated beside him. The latter, operating a "master-key," immediately transmits the quotation by Morse code to the offices of the ticker company, where a telegrapher receives it by ear from a telegraph sounder and transmits it directly on the key-board of the ticker, thereby reproducing the quotation instantly on any number of tickers throughout Chicago. Through the medium of a master circuit on the telegraph bridge, connected with the master-key already referred to, which governs six automatic repeaters and to which are attached wires covering the entire United States and Canada, the quotation is also received simultaneously by all points in these two countries which subscribe to the service.

Takes Only Three Seconds

While all this sounds more or less complicated, the system has been worked out to such perfection that the average time consumed in transmitting a quotation, from the moment a trade is made in the pit until the price at which it was made appears on the ticker, is only 3⅗ seconds. The fastest time made is 1⅕ seconds, and the greatest number of quotations ever transmitted in this manner was on August 14, 1914, when an average of 42 2/9 per minute was maintained for 102 consecutive minutes.

The purpose of the chronographs used in stamping the slips of paper on which prices are written by the pit recorder is to make a permanent record of the price of wheat, or any other grain, at any given moment during the day. The chronographs are electrically operated and electrically set every ten seconds by means of a master clock, with a ten-second contact on the second hand, located in the offices of the ticker company. In the same office is the sending key-board, a mechanical device with an arrangement of letters and numerals somewhat like that of a typewriter, except that the characters are arranged in a circle.

In operation, the tickers are controlled by a transmitter, which in turn is controlled by the key-board operator, the action of all three being practically simultaneous.

"THE volume and value of the chief grain crops of the West fix rates of interest, and determine to a large extent rates of transportation and the volume of interstate commerce; they measure the extent of credits given merchants and bankers and place a proper value on all kinds of collaterals; in fact directly and indirectly, the crops of the Mississippi Valley affect every financial interest from one end of the country to the other."

The transmitter has an arrangement of segments, each of which corresponds to a certain key on the sending key-board. The tickers also have revolving type-wheels containing the same letters and numerals as those on the key-board. Perfect synchronism exists between the key-board, the segments on the transmitter, and the type-wheels of the tickers. When the key-board operator presses a certain key on the key-board, the transmitter, in reaching the segment corresponding to the key pressed, immediately stops and sends over the line the necessary number of pulsations to make the type-wheel revolve in unison with it. The same action causes a platen in the ticker to rise and press the tape against the type-wheel, with the result that the proper character is instantly impressed upon the paper. Any number of circuits with tickers are thus operated, causing all tapes to be printed alike.

Special Ticker Service

In addition to transmitting its quotations to every part of the country in the manner described, the Board of Trade also makes use of a special ticker service devoted to the dissemination of news statistics, and other valuable market information. This information is distributed over the so-called "board-tape" ticker, an electrically operated instrument which is an important factor in the marketing of grain and provisions. The transmitter of this device consists of a mechanism with a key-board like that of a typewriter, and in operation works on the same principle as the quotation ticker. The tickers receiving this service, which are located in practically all commission houses and on the floor of the exchange, are connected by wire to the transmitter and print instantly, on a roll of tape about six inches wide, all news that is transmitted by the operator.

Among the features of this ticker service is the rapid broadcasting of news to small country towns throughout the states via the private wire system. Commission houses with private wire systems reaching all parts of the country have these tickers in their telegraph offices, and relay the news, as fast as printed, to their branch offices. Thus a news item of importance is flashed throughout the country within a few minutes after its publication on the ticker tape. Small town newspapers depend on the branch offices of the Chicago commission houses for the most of their commercial news. The United States Bureau of Markets also uses this ticker service for the distribution of its live-stock reports.

The Chicago market is the nerve center of the grain trade, and here are reflected world-wide conditions as regards growing crops, and the movement and consumption of crops. Through a wonderful system of news gathering, necessitating the cooperation of thousands of correspondents and agents, members of the Board of Trade are able to keep in close touch with all influences such as are bound to affect the grain trade, and thus prices are kept upon a world's basis and are not strictly subject to local conditions. It is very largely due to the initiative of the Board of Trade that buyers and sellers of grain have always at their disposal a body of statistical information more general, more varied and more exact than that available concerning any other article of commerce.

Collection of Data

At an enormous expense the exchange collects data of the world's receipts and shipments, stocks in hand at all primary markets, the visible supply in store and afloat, the quantities involved in the export and import movements, the quality of incoming cargoes, the number of cars of all varieties, and other information of vital impor-

(*Continued on page* 956)

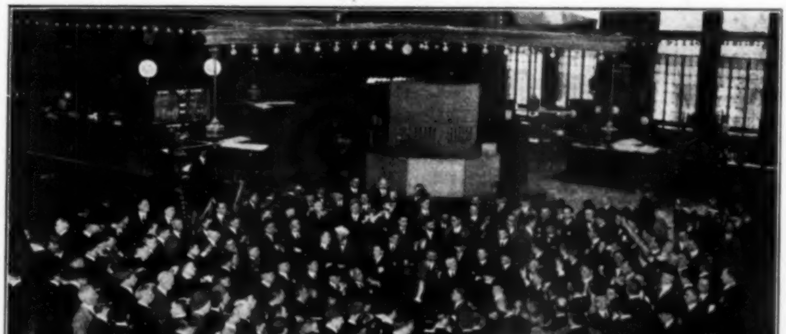


Photo by Robert H. Moulton

The Wheat Pit of the Chicago Board of Trade

The Bond Market

Striking Opportunities in Industrial Bonds

Although Bond Prices Have Moved to High Levels, 7% or More is Still Possible Through Careful Selection

By R. M. MASTERSON

BOND prices have reached a point where genuine skill must be displayed by the investor in placing his funds where they will bring him any kind of a return with an adequate degree of safety of principal. In the short space of six months, market values of high grade investment securities have risen from an almost unprecedentedly low level to a position where even a 6% return is difficult to obtain. The majority of the highest grade rails are now selling to yield little better than many tax free municipals and they are considerably higher to-day than Liberty Bonds were during most of last Summer. Seasoned public utilities and industrials have likewise had a proportionate increase in value; issues that not long ago went begging on a 7% or better basis are now being snapped up at prices returning in the neighborhood of 5¾%.

The Rise in Bonds

The rise in bond prices has been sensational, but the rapidity of the advance was decidedly more marked over the early stages of the move than it has been over the past three months. On the next page there is a graph showing the average price movement of 40 bonds from the middle of last August up to the first part of April. This chart shows that in the month of November a very violent upturn took place. December recorded a very slight recession but in the first part of January another vigorous thrust forward occurred. Since then the line of the graph shows a very gradual trend upward. Prices are now in high ground and although they may continue to remain at their present level or even show further slight improvement, which they may do as long as easy money continues, bonds that have advanced the most are not apt to go very much higher.

It is the writer's personal opinion that average prices for high grade bonds are very close to the peak of the present move. As has been pointed out in previous articles, the value of good bonds can hardly be expected to reach their level of about ten years ago, primarily for the reason that our present income-tax requirements have practically eliminated the man of means as a purchaser of corporation bonds.

Two leading factors are principally responsible for the high bond prices of today—easy money, and the return of public confidence. As anyone who has made even an elementary study of finance knows, bond prices are very closely related to the supply of money. When money is plentiful and loans at low rates of interest the surplus supply finds its way into bonds which in turn causes an appreciation in their values. As business, the stock market, and other sources, draw upon the money supply, reducing it to a point where the demand begins to exceed the supply, interest rates advance and bond prices accordingly decline as yields seek a comparative level to the cost of money.

Near the Top

It is an axiom, that as interest rates advance bond prices decline, and vice versa. Now, at the moment, the banks of our country have large stocks of money (or credit) on hand which was accumalated through the general liquidation of business over the past year and a half. On the other hand, confidence is being rapidly restored and business appears to be generally preparing for a period of increased activity and expansion. This increased activity will result in a steady drain on the money supply and, as it increases, interest rates will first harden and then advance as the demand for credit continues. Furthermore, a large public interest in stocks is being built up which will also draw upon the supply of credit to finance marginal buying and syndicate operations. Holders of bonds, who bought at prices considerably below current levels, will be tempted to realize their paper profits and reinvest in stocks that appear to have greater possibilities for enhancement in value. These forces will tend, first, to check the upward movement in bonds, and later, if they continue, to bring about a recession.

Present Opportunities

Two avenues of action, therefore, appear to be of advantage for the prospective purchaser of bonds to follow at the present time: (1) to place his funds in short-term issues and be in a position to take advantage of any reaction that may occur, and (2) to purchase those bonds that are sound but, for one reason or another, have not as yet reached a point where their prices are in line with other issues of a similar character.

Especially among the industrials, opportunities exist in bonds that are intrinsically sound but which are still selling on an attractive yield basis or offer rather unusual speculative possibilities. The writer has chosen several bonds which he feels are perfectly sound and to which he has no hesitancy in giving his personal recommendation. In the following paragraphs he has attempted to outline their strong points in an impartial manner and to point out his specific reasons as to why he considers them both safe and cheap, even at present levels.

WILSON & CO. 7½s

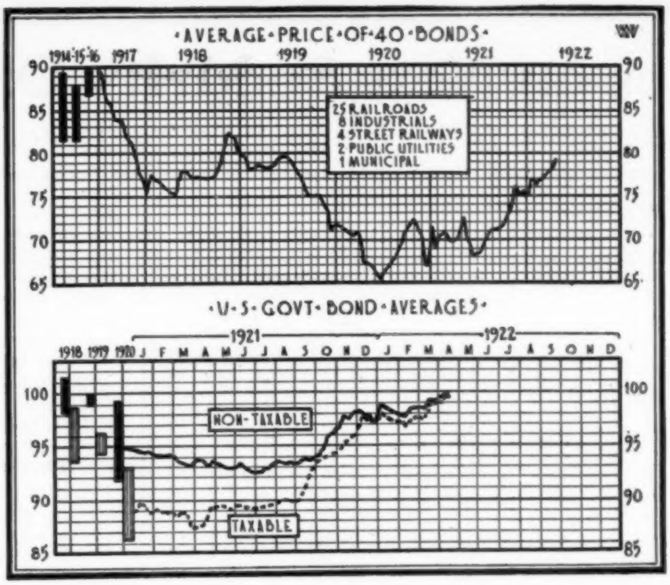
These bonds offer one of the most unusual investment opportunities in the industrial bond list. They were issued last year as part of a financing program of the company and run ten years. Convertible into 20 shares of the stock, the bond at 103 are exceedingly attractive, as the stock is currently quoted at 43, very close to a

INDUSTRIAL BONDS

Company	Bond	Rate	Maturity	Lowest Denomination	Tax Status	Redemption Price	Market	Appx. Price	Appx. Yield to Maturity
Goodyear Tire & Rubber Co.	First Mtg.	8	May 1, 1941	$100	Not paid	120	N. Y. S. E.	115	....
Goodyear Tire & Rubber Co.	Debenture	8	May 1, 1931	100	Not paid	110	N. Y. S. E.	102	8.50%
Packard Motor Car Co.	Debenture	8	Apr. 15, 1931	500	Not paid	107½–105	N. Y. S. E.	102½	7.90%
Stewart-Warner Speedometer Corp.	Convertibles	8	Mar. 1, 1926	500	Co. pays 2%	105–101	N. Y. Curb	108–110	....
Atlas Powder Company	Convertibles	7½	Aug. 1, 1936	100	Co. pays 2%	105	N. Y. S. E.	104	7.00%
Cuban-Amer. Sugar Co.	1st Mtg. Coll.	8	Mar. 15, 1931	500	Not paid	107½	N. Y. S. E.	104½	7.15%
Wilson & Co.	Convertibles	7½	Dec. 1, 1931	1,000	Co. pays 2%	107½	N. Y. S. E.	103	7.20%

price which would make conversion profitable.

In addition, a 7½% coupon rate is offered, which, in view of the strong financial position of the company and the improving position of the industry, may be regarded as reasonably secure. At the current price of 103, a yield of about 7.20% to maturity is offered. Should the stock advance to, say, 60, a point which could easily be reached in view of the fact that this issue sold as high as par in 1919 and 1920, with the company in an equally strong position to-day, this would mean a price of about 120 for the bonds. Thus, from a speculative view-point, the bonds contain a very attractive convertible feature. Under present conditions and conditions likely to prevail in this industry, the 7½s are decidedly a favorable opportunity from a speculative investment view-point and are recommended to investors.



PACKARD MOTOR 8s

The Packard Motor Car Company also has an 8% Debenture Bond outstanding that appear very attractive at their present price of about 102½. The bonds are outstanding in amount of $10,000,000 and mature April 15, 1931. They are not secured by mortgage but they are the direct obligation of the company and constitute its only funded debt. The Trust Agreement under which the bonds are issued contains restrictions against the Company or its subsidiaries mortgaging its plants and obligating them to maintain current assets equal in the aggregate to at least 175% of their total liabilities, including these bonds, and total tangible assets equal to at least 250% of such liabilities. The Company covenants to set aside quarterly sums equal to one-tenth of the largest amount of these bonds which has ever been outstanding, such sums to be used for the purchase of bonds in the open market at not exceeding 105 and interest, thus virtually assuring a holder of the bonds of eventually receiving at least this price for his holdings.

Earnings and Assets

For the fiscal year ended Aug. 31, 1921, Packard Motor Car Company reported a deficit from operations of $987,366. This was a very moderate loss indeed when compared with the huge operating deficits reported by some automobile concerns, such as a loss of over $38,000,000 for 1921, as recently announced by General Motors. In the five preceding years, ended August 31, 1920, Packard net earnings averaged over $9,000,000 per annum or over 11 times maximum interest requirements of $800,000 on the debenture bonds.

A glance at Packard's balance sheet, August 31, 1921, is illuminating. It indicates a financial condition that is a Gibraltar of strength. Current assets stand at $36,167,538 against current liabilities of $3,807,342, a ratio of approximately 10 to 1. Of the current assets over $10,300,000 is in cash and U. S. Government obligations and the current liabilities represented merely accrued interest and pay rolls and current bills in the course of payment. The total net tangible assets, after deducting all reserves and exclusive of intangible items, stood at $51,567,557, or more than $5,400 in tangible assets behind each $1,000 of Debenture 8s.

Automobile Outlook

Looking at the automobile situation in its worst light it would seem that possibly the present capacity of the country is in excess of the demand for cars. This would naturally mean that the next two or three years are very likely to be a period of keen competition among automobile manufacturers and the selling prices of machines will in all probability show only a very moderate profit over costs. Such a state of affairs may continue until either some of the "weak sisters" are eliminated or until the demand grows up to the capacity. It will be more or less a case of the "survival of the fittest." Packard, with its large resources and perfectly liquid condition, is in a position to withstand conditions of this kind for an almost unlimited length of time. The management is cautious and able and the Packard car is exceedingly popular and has a "reputation." While profits over the next year or so are unlikely to be large there is little doubt as to the company's ultimate future and the 8% debentures can be purchased without apprehension.

GOODYEAR FIRST 8s

One of the most attractive of all the industrial bonds, regardless of price, is the Goodyear Tire & Rubber Company First Mortgage 8s of 1941. Not many people appreciate the great inherent strength of this issue. Probably the chief prejudice against the bond is the fact that the company experienced serious financial difficulties about a year ago and underwent a very drastic capital readjustment. People cannot forget that in the summer of 1920 the company sold its preferred and common stocks in blocks of 2 shares of preferred and 1 of common at $300 per unit and that less than a year later these units had a market value of less than $50.

Last Year's Troubles

Goodyear's difficulties were entirely due to inventory depreciation and over-expansion. The Seiberling management was blinded by the terrific volume of business of what later proved to be a bubble of post-war inflation. Huge supplies of rubber and cotton were accumulated and contracts made for future delivery of these raw materials at peak prices. The company was prepared for a production greater than the entire country's output of tires had amounted only a few years before. Then—the bubble burst. The values of inventories melted away and the company was still under contract to purchase large quantities of materials at the inflated values. The company faced receivership or even bankruptcy and an appeal was made to the bank and merchandise creditors. A committee was formed and a plan worked out whereby the company's debts were paid off in new securities and necessary working capital raised by their sale. Money was dear and bankers' commissions came high but, facing ruin, Goodyear could do nothing but acquiesce to the arrangements. After all details of the reorganization were completed the company found itself with approximately the following outstanding funded debt and capital stock:

8% First Mtg. Bonds 1941	$30,000,000
8% Debenture Bonds 1931	27,500,000
8% Cum. Prior Pref. Stock	30,000,000
7% Cum. Preferred Stock	65,000,000
	Shares
Common Stock (no par)	1,000,000

The First Mortgage Bonds were sold to provide working capital; the Debentures and Prior Preference Stock issues to creditors; and old stockholders exchanged on a share for share basis their old 7% preferred and common stocks for similar new issues.

Security

The First Mortgage Bonds are issued under a closed first mortgage and constitute a first lien upon all the fixed assets of the company, now owned or hereafter acquired, together with pledge of stocks of subsidiary companies. The mortgage also provides that the company shall maintain at all times net current assets equal to at least 125% of the amount of the bonds outstanding.

Another feature of the mortgage pro-

(*Continued on page 960*)

Inquiries on New Security Offerings

Inquiries on Other Securities Will Be Found in Their Respective Departments

UNITED LIGHT & RAILWAYS 6s
Yield 6.45%

I am interested in United Light & Railways 1st lien and consolidated mortgage 6% bonds offered at 93¾. Would like your opinion of this security.—D. G. G., Rochester, N. Y.

United Light & Railways $7,000,000 1st lien and consolidated 6s, due April 1, 1952, are secured by a direct mortgage lien on important properties and by pledge of all securities of subsidiary companies now owned subject to prior liens and by 000,000 1st and refunding mortgage 5% bonds of this company or in lieu thereof cash or obligations of the United States Government. Earnings for the 12 months ended Jan. 31, 1922, were equal to 1.8 times the interest charges of the company. They are non-callable for 25 years. Properties operated furnish public utility service to a population of 600,000, principally in Iowa and Illinois. These bonds were issued to provide funds for the refunding of the collateral trust 5% bonds of the Tri-City Railway & Light and the 7% gold notes due April 1, 1923. While these bonds can be regarded as a fairly attractive middle-grade public utility bond we would suggest instead Computing-Tabulating-Recording 6s, due 1941, selling on the New York Stock Exchange around 95 to yield about 6½%.

BROWN CO. 6% DEBENTURES
Yield 6% to 6½%

I would be glad to have from you a few particulars in regard to the Brown Co. 6% debentures. In view of the poor showing of the paper industry last year do you consider them a desirable investment?—F. J., Providence, R. I.

The Brown Co. is the largest manufacturer in this country of bleached sulphite fibre pulp and kraft wrapping paper, also manufacturers of bond paper, lumber and allied products. Sales in recent years have averaged $25,000,000 annually. Through ownership of timber lands it has an ample source of supply for its raw material. As you state, the paper industry was very hard hit in 1921 and has not as yet fully recovered. A glance at the balance sheet of the Brown Co. as of Nov. 30, 1921, would indicate that this company has had its troubles, as well as the rest of the paper concerns. After applying the proceeds of the present issue of $9,000,000 debentures (series A, $6,750,000, series B, $3,000,000), bank loans still stood at the sizable figure of $5,710,000. Earnings for the five years ended Nov. 30, 1921, have averaged five times the interest on these debentures, but of course four of these years represented periods of unusual prosperity for the paper industry. Assets of the company are stated to be 4¾ times the debentures issued. They mature serially and are offered at prices to yield from 6% to 6½%. When you can get a bond like the Sinclair Consolidated 7s at par to yield 7%, which is practically a first mortgage on that company's properties and the working capital alone equal to the total bond issue, we can see nothing very attractive in the Brown Co. debentures on the basis on which they were put out.

THE purpose of this page on Inquiries on New Security Offerings is to rate new issues of stocks and bonds as they appear. The merits and deficiencies of the new offerings are frankly discussed and our readers should find this page of great value in aiding them to choose their investments. Owing to space limitations only a few letters are published in this page but subscribers still have the opportunity of having their inquiries answered by applying to our Inquiry Department.

N. Y. CENTRAL REFUNDING 5s
Yield 5.30%

How do you regard the New York Central Refunding and Improvement 5% bonds recently offered by J. P. Morgan & Co.—D. L., New Bedford, Mass.

New York Central $60,000,000 Refunding and Improvement 5% bonds Series C, due 2013, are secured by a direct mortgage on all of the railroad owned by the New York Central. The aggregate principal amount of underlying mortgage debt on the property now mortgaged may not be increased except that the company reserves the right to issue $6,600,000 principal amount of underlying bonds. The outstanding securities junior to the Refunding and Improvement bonds include $105,500,000 Debenture bonds and $249,597,355 par value of capital stock. For every year since 1869, dividends have been paid at the rate of at least 4% per annum and since 1900 the rate has not been less than 5%. For the last seven years net income has averaged $58,001,400 per annum, as compared with interest charges of $24,057,985.

These bonds are not callable before Oct. 1, 1951, and then at 105 and interest. At the offered price of 94½ the yield is 5.3%. They can be regarded as an attractive high-grade railroad issue. They are legal for savings banks in New York, Massachusetts, Connecticut and Vermont.

MILLER LOCK CO. 7s
Yield 7.25%

I am looking for a good bond that will give me a return of 7% or better and have been considering the recent offering of Miller Lock Co. 1st mortgage 7% bonds. Do you think well of them or is there anything else you would care to suggest instead?—R. J. H., Erie, Pa.

Miller Lock Co. $500,000 1st mortgage convertible 7s, due 1942, are secured by a direct first mortgage on all the fixed assets of the company. It is stated that the American Appraisal Co. appraised these assets as of Dec. 31, 1921, at $1,060,000. Net current assets are over 100% of the amount of the bond issue. For the ten years 1911-1920 inclusive, earnings averaged $123,861 per annum, over 3½ times the interest charges on this issue. In 1921 the company reported a substantial loss, due mainly to losses taken in inventory. Bonds are convertible into 8% cumulative preferred stock of the company par for par at any time.

At the offered price of 97½ the yield is 7.25%. We would prefer Packard Motor 8% bonds, selling at 102½, to yield 7.8%.

PROVINCE OF ONTARIO 5s
Yield 5.05%

Would be pleased to have your opinion of the new $15,000,000 issue of the Province of Ontario 5% bonds.—T. R. P., Albany, N. Y.

Province of Ontario 5% bonds, due 1952, are a direct and primary obligation of this province, which is the wealthiest and most important in Canada. Principal and interest is payable in United States gold coin or gold coin of the Dominion of Canada. Assessed value of taxable property within the Province is $2,054,212,000, and the gross funded debt is $207,693,420. The Province has never found it necessary to exercise its power to levy a direct general tax, as the revenue from other sources has been more than sufficient to pay interest on its debt.

These bonds are legal for savings banks in Connecticut, New Hampshire and Vermont. At the offered price of 99¼ the yield is 5.05%. These bonds are entitled to a high investment rating and are attractive at the price.

CITY OF RIO DE JANEIRO 8s
Yield 7.90%

Your opinion of the new City of Rio de Janeiro 8% bonds would be appreciated.—S. D., New York City.

City of Rio de Janeiro $13,000,000 8% bonds, due 1949, are guaranteed principal, interest and sinking fund, by the Federal government of the United States of Brazil. They are to be specifically secured by the deposit of £7,500,000 of the 4½% bonds of 1912, which constitute a charge on the House Property Tax, the largest and most important source of revenue of the city. For the past three years the receipts from this tax at the average rate of exchange averaged $2,100,000 per annum available for this loan. The City of Rio de Janeiro has a population of 1,200,000 and is the second largest city in South America. The estimated value of the property taxable under the House Property Tax is $895,000,000. These bonds were issued for refunding purposes.

Principal and interest is payable in United States gold, free of all Brazilian taxes. Redeemable April 1, 1924 to April 1, 1931, at 110 and thereafter at 105. At the offered price of 103 the yield is about 7.9%. There would appear to be very good security behind this issue and we regard them as an attractive foreign security.

BOND MARKET BUOYANT

Heavy Buying Results in New Highs—Speculative Bonds Bid Up Spectacularly

THE advance in bond prices continued unabated in the last two weeks and investment issues in all groups went into new high ground. There was no particular favoritism for any one class, practically all issues responding to the heavy investment and speculative buying in force. The real incentive behind the rise of the past two weeks was the reduction of the rediscount rate by the Bank of England and the successful flotation of $60,000,000 of 3½% Treasury Certificates. The action of the Bank of England may be the forerunner of a series of cuts in the rediscount rate all over the world. The Federal Reserve Banks are expected to follow the lead of England in the very near future. The financing of the Government on a 3½% basis came as a complete surprise to the financial world, as nothing below a 4% rate had been expected. The previous issue of Treasury Certificates carried interest at 4¼%.

This latest financing indicates more clearly than anything else the trend of interest rates. It is practically a signal of a period of easier money, and undoubtedly furnishes the background for a further rise in bond prices. The rise is not over by any means, and as for the speculative issues, many of them have just about started.

Foreign Government Bonds

The majority of bonds in this group advanced from 1 to 2 points, with the United Kingdom of Great Britain 5½s the leader with a 2⅛ point rise. There is still room for substantial advances in those issues which are yielding over 7%.

Union Pacific and Atchison Bonds on a 4½% Basis

With the first mortgage bonds of two of the leading roads selling on a 4½% basis, the story of the appreciation in railroad bonds during the past twelve months is told in a nutshell. Practically every issue in the gilt-edge and middle grade groups advanced in the last two weeks, with the average rise amounting to about 1 point. Most of the gilt-edge railroad bonds are now selling below a 4.9% basis, while a good many of the middle grade bonds are below a 5.3% basis.

Middle Grade Industrial Issues Strong

There were comparatively few changes in the gilt-edge industrial group, most of the activity centering around the issues yielding over 6%. The leader was the Wilson & Co. issue with a 2¼ point rise. Every bond in this group advanced at least 1 point, with the exception of the Lackawanna Steel 5s and Saks & Co. 7s. These bonds were up about ½ point from the previous fortnight.

There was no outstanding feature in the public utility group, all bonds sharing in the general strength of the market.

Sharp Rise in Speculative Group

The long-delayed spurt among the speculative bonds which we have been

(*Continued on page* 944)

BOND BUYERS' GUIDE

		Apx. Price	Apx. Yield	Int. Earned on entire funded debt‡
	Foreign Governments. BETTER GRADE			
1.	City of Christiania (b) 8s, 1945	110½	7.10	....
2.	Danish Municipal (b) S. K. 8s, 1946	112	7.00	....
3.	City of Zurich (b) 8s, 1945	112	8.90	....
4.	City of Copenhagen (b) 5½s, 1944	93½	6.00	....
5.	Kingdom of Sweden 6s, 1939	100¼	5.90	....
6.	Argentine (c) 5s, 1945	83¾	6.37	....
7.	U. K. of Gr. Britain & Ireland (c) 5½s, 1937	102¼	5.30	....
8.	Dominion of Canada (c) 5s, 1931	99	5.12	....
	MORE SPECULATIVE			
1.	Kingdom of Belgium (a) 8s, 1941	107½	7.25	....
2.	Kingdom of Italy (d) 6½s, 1925	95⅞	8.10	....
3.	Republic of Chile (b) 8s, 1941	105	7.50	....
4.	Sao Paulo (b) 8s, 1936	100	7.30	....
5.	U. S. of Brazil 8s, 1941	107	7.20	....
	Railroads. GILT EDGE.			
1.	Balt. & Ohio S. W. Div. (b) 1st Mtg. 3½s, 1925	91	6.37	.80‡
2.	Ches. & Ohio (a) Genl. Mtg. 4½s, 1992	85¼	5.25	2.20
3.	Delaware & Hudson (a) 1st & Ref. 4s, 1943	88¼	4.90	1.65
4.	Southern Pacific (b) 1st Ref. 4s, 1955	87¾	4.75	1.65
5.	Chic. Burl. & Quincy (a) Genl. Mtg. 4s, 1958	88	4.70	2.40
6.	Union Pacific (b) 1st Mtg. & L. G. 4s, 1947	92	4.50	3.65
7.	N. Y., Chic. & St. Louis 1st Mtg. 4s, 1937	84⅛	5.50	2.35
8.	Atlantic Coast Line (a) 1st Mtg. 4s, 1948	88½	4.80	1.55
9.	Pennsylvania (a) Genl. Mtg. 4½s, 1965	90	5.10	2.20
10.	West Shore (a) 1st Mtg. 4s, 2361	80½	5.10	**
11.	Norfolk & Western (c) Cons. 4s, 1996	88½	4.55	3.95
12.	Central R. R. of N. J. (a) Genl. Mtg. 5s, 1987	106¼	4.70	1.40
13.	Atchison (b) Genl. Mtg. 4s, 1995	89	4.50	3.90
14.	Chic., R. I. & Pacific (a) Genl. Mtg. 4s, 1988	82⅞	4.88	1.00
	Industrials.			
1.	Diamond Match (c) Deb. 7½s, 1935	107½	6.02	†
2.	Armour & Co. (a) R. E. 4½s, 1939	89½	5.50	6.75
3.	General Electric (b) Deb. 5s, 1952	99⅛	5.00	5.55
4.	International Paper (a) 5s, 1947	85½	6.10	16.70
5.	Indiana Steel (a) 5s, 1952	99⅞	5.00	**
6.	Liggett & Myers (aa) Deb. 5s, 1951	95¼	5.30	4.80
7.	Baldwin Loco. (a) 5s, 1940	101	4.90	2.65
8.	National Tube (a) 5s, 1952	99½	5.00	**
9.	Corn Products (a) 5s, 1934	99	5.10	60.70
10.	U. S. Steel (a) 5s, 1963	102	4.88	8.70
	Public Utilities.			
1.	Duquesne Light (b) 6s, 1949	102⅛	5.80	3.40
2.	Amer. Tel. & Tel. (c) 5s, 1946	98	5.12	4.80
3.	Philadelphia Co. (c) 6s, 1944	97⅞	6.20	4.15
4.	N. Y. Telephone (b) 4½s, 1939	91¼	5.25	**
5.	Montana Power (c) 5s, 1943	95½	5.37	2.90
6.	Cal. Gas & Electric (a) 5s, 1937	95	5.50	4.15
7.	N. Y. G., E. L., H. & P. (a) 5s, 1948	97	5.20	2.10
8.	Pac. Tel. & Tel. (a) 5s, 1937	94½	5.30	1.75
	Railroads. MIDDLE GRADE.			
1.	Balt. & Ohio (b) 1st Mtg. 4s, 1948	80⅞	5.37	0.80
2.	St. Louis-San Fran. (a) Prior Lien 4s, 1950	73½	6.00	1.60
3.	Missouri, Kansas & Texas Prior Lien 5s, 1962	85	6.00	....
4.	Ches. & Ohio (b) Conv. 5s, 1946	90¼	5.70	1.55
5.	Cleve., Cin., Chic. & St. L. (a) Deb. 4½s, 1931	89½	6.00	2.40
6.	Pere Marquette (c) 1st Mtg. 5s, 1956	95¼	5.25	2.05
7.	Southern Pacific (b) Col. Trust 4s, 1949	82	5.25	2.40
8.	Kansas City Southern (a) 1st Mtg. 3s, 1950	67	5.25	1.70
9.	Illinois Central (b) Col. Trust 4s, 1952	83⅛	5.10	2.25
10.	Pennsylvania Genl. Mtg. 5s, 1968	98	5.12	....
11.	St. Louis Southwestern (a) 1st Mtg. 4s, 1989	78	5.20	2.00
12.	Norfolk & Western (a) Conv. 6s, 1929	105½	4.60	3.95
13.	Atchison (a) Conv. 4s, 1960	100	4.00	3.90
	Industrials.			
1.	Wilson & Co. (a) 1st 6s, 1941	97¼	6.20	2.10
2.	Comp. Tab. & Recording (b) 6s, 1941	95	6.50	5.45
3.	Adams Express (b) 4s, 1948	76⅛	5.75	2.60
4.	Int. Merc. Marine (b) 6s, 1941	97	6.25	5.15
5.	Lackawanna Steel (c) 5s, 1950	84½	6.20	6.00
6.	Saks & Co. (c) 7s, 1942	100½	6.95	2.35
7.	U. S. Rubber (c) 5s, 1947	89	5.88	5.00
8.	Amer. Smelting & Refining (c) 5s, 1947	91	5.70	9.55
9.	Goodyear Tire (c) 8s, 1941	116	6.50	x
	Public Utilities.			
1.	Public Service Corpn. of N. J. (a) 5s, 1959	83	6.20	....
2.	Detroit Edison (c) Ref. 5s, 1940	95	5.40	2.80
3.	Brooklyn Union Gas (a) 5s, 1945	94½	5.40	*1.35
4.	Northern States Power (b) 5s, 1941	92	5.70	1.80
5.	Brooklyn Edison (c) 5s, 1949	94	5.40	2.20
6.	Utah Power & Light (a) 5s, 1944	92¼	5.60	1.80
7.	Cumberland Tel. & Tel. (b) 5s, 1937	92½	5.75	1.70
	Railroads. SPECULATIVE.			
1.	Western Maryland (a) 1st Mtg. 4s, 1952	66	6.02	.70
2.	Iowa Central (a) 1st Mtg. 5s, 1938	81½	6.90	....
3.	St. Louis Southwestern (a) Cons. Mtg. 4s, 1932	76⅛	7.40	2.00
4.	St. Louis-San Francisco (a) Adj. Mtg. 6s, 1955	81	7.60	*1.90
5.	Mo., Kansas & Texas (c) Adj. Mtg. 5s, 1967	58¼	8.70	....
6.	Southern Railway (a) Genl. Mtg. 4s, 1956	67⅛	6.37	1.85
7.	Missouri Pacific (b) Genl. Mtg. 4s, 1975	65½	6.20	.90
8.	Carolina, Clinch. & Ohio (c) 1st Mtg. 5s, 1938	87½	6.25	1.40
9.	Minneapolis & St. Louis (a) Cons. Mtg. 5s, 1934	80	7.00	.50
10.	Denver & Rio Grande 1st Ref. 5s, 1955	52½	9.90	....
	Industrials.			
1.	Chile Copper (b) 6s, 1932	88	7.75	3.80
2.	Va.-Carolina Chemical (c) 7½s, 1932	99	7.60	2.75
3.	American Writing Paper (a) 6s, 1939	84	7.70	1.90
4.	American Cotton Oil (a) 5s, 1931	86½	7.05	3.15
5.	Cuba Cane Sugar (c) 7s, 1930	85⅞	9.60	....
	Public Utilities.			
1.	Hudson & Manhattan (c) Rfdg. 5s, 1957	81½	6.30	*1.60
2.	Intr. Rapid Transit (a) 5s, 1966	66	7.70	1.60
3.	Third Avenue (b) Refg. 4s, 1960	65	6.50	*1.20
4.	Va. Railway & Power (a) 5s, 1934	70	7.70	....

(aa) Lowest denomination, $5,000. (b) Lowest denomination, $500.
(a) Lowest denomination, $1,000. (c) Lowest denomination, $100.
(d) Lowest denomination, $50.

(x) This issue was created on May 1, 1921.

†This issue, which represents the entire funded debt of the company, was created on Nov. 1, 1920.

*Number of times over interest on these bonds was earned.

**Earnings are not reported separately.

‡This represents number of times interest on the companies' entire outstanding funded debt was earned, based on actual earnings of last five years. Interest on this issue was fully covered.

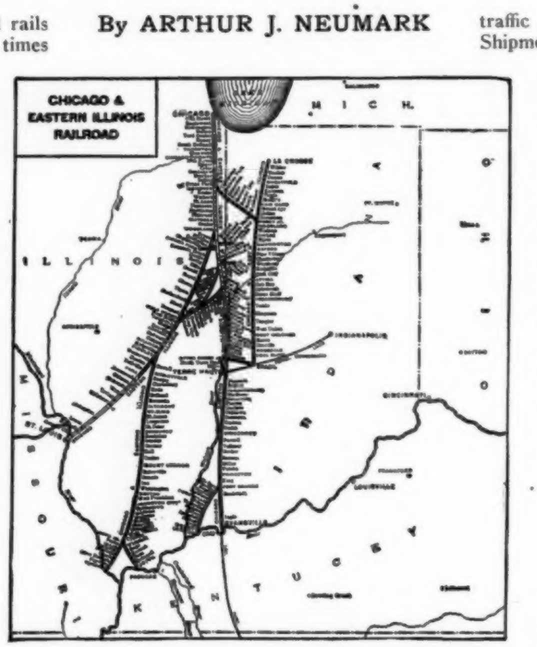
Railroads

Features in the Low-Priced Rails

A Frank Discussion of the Possibilities in Various Low-Priced Railroad Stocks and Bonds

By ARTHUR J. NEUMARK

THE most attractive low-priced rails have been discussed many times in these columns, but very little has been said about a large number of railroads that come under this classification, and as we are only in the early stages of a long upward climb in the values of railroad securities, the writer believes it timely to cover the majority of the cheaper issues in this group so that the small investor may be able to obtain a fairly accurate idea of the relative values and possibilities contained herein.



CHICAGO & ALTON

Common Stock Unattractive

Both Chicago & Alton and Chicago & Eastern Illinois operate between Chicago, Ill., and St. Louis, Mo., but do not compete on any other lines. From St. Louis, Chicago & Alton's line runs to Kansas City, Mo., while C. & E. I. operates a direct line from Chicago to Evansville Ind., and has vital branch lines in Indiana and Missouri. Both roads compete with the Illinois Central, a very strategically-located system, with powerful connections with one of the leading transcontinental carriers.

Chicago & Alton can be dismissed with very little discussion. The past record of this road indicates very clearly its inability to obtain a sufficient amount of traffic to even cover its fixed charges. The road is suffering chiefly from the lack of a sufficient number of feeders. Its earning power is far too small for its capital structure. In the ten-year period to December 31, 1921, Chicago & Alton covered its fixed charges but twice, in the years 1911 and 1916. The fact that the road reported a substantial gain in net earnings for the first two months of the current year does not justify any optimistic prediction as to the future possibilities for the preferred and common stocks. A good part of this showing was made possible by large reductions in maintenance charges.

There is one aspect to the situation that gives some speculative possibilities to the company's 4% non-cumulative preferred stock now selling around $18 a share, and that is the recent recovery of this stock by Chicago, Rock Island & Pacific and Union Pacific through a suit brought against the Toledo, St. Louis & Western Railroad. This company had issued in 1907 collateral trust bonds in exchange for a controlling stock interest in the Chicago & Alton. The validity of these bonds was attacked, with the result that Toledo, St. Louis & Western had to turn back the stock to the bondholders and cancel the bonds. It is quite possible that now that the above roads have a substantial interest in the stock of Chicago & Alton they will endeavor to bolster up the earnings of that company and feed it as much traffic as possible.

In common with all low-priced railroad securities the common stock of this road has enjoyed a substantial advance, but there is little or no real value to it and the writer would advise a "hands-off" policy.

CHICAGO & EASTERN ILLINOIS

Preferred Stock a Good Speculation

With Chicago & Eastern Illinois the situation is quite different. This road is principally a coal carrier and controls over 60,000 acres of valuable coal lands in Illinois and Indiana. These properties are all located along the lines of the Chicago & Eastern Illinois, and since receivership in early part of 1920 have been operated under the name of the Indiana & Illinois Coal Corporation. The road has excellent connections and valuable feeders to the main line. At Evansville, Ind., it carries on a valuable interchange of traffic with the Louisville & Nashville. Shipments from the grain and mining centers of the Northwest and Middle West to points in Tennessee, Alabama, and the southern port, St. Augustine, Fla., can be made most directly over the C. & E. I., L. & N. and Atlantic Coast Line. At the present time direct shipments cannot be made from the C. & E. I. extension at Joppa, Mo., to the Gulf of Mexico, but plans for consolidating this road with the Gulf, Mobile & Northern Railroad, which runs from Jackson, Tenn., to Mobile, Ala., are pending. In order to link these roads an extension would have to be built from Joppa to Jackson. Possibilities of such a plan being consummated in the not distant future lends additional speculative possibilities to the company's stock.

Reorganization and Outlook

On November 22, 1921 the reorganization of the road was declared effective. Annual interest charges of the company were reduced from $3,759,996 to $2,327,051, and the preferred and common stocks outstanding were increased from $12,163,500 and $7,204,400 to $22,051,050 and $24,135,100, respectively. In the ten-year period from 1907 to 1917, Chicago & Eastern Illinois covered its preferred dividend by a substantial margin in each year, with the exception of 1914 and 1915. During the period of Federal operation and in the year 1921, earnings were not sufficient to cover fixed charges, but for the first two months of the current year earnings increased sharply, and if they continue to increase in line with the normal seasonal improvement in traffic the road will report a balance of over $5 a share on the common stock this year. Part of the increase in net earnings was due to a cut of about 10% in maintenance charges as compared with charges for the first two months of 1921, but Chicago & Eastern Illinois has been putting abnormally large sums of money into maintenance of road and equipment since Government control, and the reductions made this year have only brought these charges down to what appears to be normal and adequate.

The preferred stock is now selling around 44, and, in the writer's opinion, is an attractive speculation. There is considerable possibility of this stock going on a dividend-paying basis within the next year, in which event it would

be entitled to sell at least $65 a share. This stock appears to be a better speculation than the common, selling around 29. A recent tentative valuation of the Interstate Commerce Commission indicates an asset value of 100 cents on the dollar for the preferred and about $3 per share for the common.

KANSAS CITY SOUTHERN

Large Earnings Misleading

The exceptionally good showing of this road in the past fourteen months must be taken with a grain of salt, as, in fact, must the earnings of previous years. Kansas City Southern has always undermaintained its property and equipment, and practically all the balances reported on the common stock for the past ten years were at the expense of maintenance. The writer knows of no Class I road in the country that has expended less for maintenance in proportion to the volume of traffic handled. In the period from 1907 to 1918, inclusive, this road earned varying balances of 15 cents to $6 a share on the common, but had adequate charges for maintenance been made there never would have been anything for the common and very often little for the 4% preferred.

Last year the road reported a balance of $3.30 a share earned on the common stock. Maintenance charges consumed but 31% of gross, which, by the way, was about 9% more than was usually consumed before Federal operation. Had the road charged off but 35% of gross there would have been nothing available for the common.

The value of the road and equipment as it is carried on the books of the company is far in excess of what it is really worth. The Interstate Commerce Commission's tentative valuation as of June 30th, 1914, amounted to about 50% of the book value, indicating that both the preferred and common stocks are all water. With a condition such as this, no matter what balances are earned on the junior stock there is little or no possibility for any dividends. These facts are entirely lost sight of, however, when publicity is given to the fact that Kansas City Southern earned such and such a balance this year and will probably earn so and so much in the coming year. **This stock is now selling around $28 a share, an appreciation of over 100% from the low of 1920, and probably will continue to attract a speculative following as long as substantial balances are reported available for the stock, but investors who are contemplating purchase of this security in the belief that it has real value, or in the hope of receiving dividend payments, would do better to forget there is such a stock.**

PITTSBURGH & WEST VIRGINIA

Common Fairly Attractive

The Pittsburgh & West Virginia Railway was organized on January 29th, 1917, as a successor to the old Wabash-Pittsburgh Terminal Railway. This latter road was organized in 1904 by the Pittsburgh-Toledo Syndicate for the purpose of obtaining a Wabash entrance into Pittsburgh, the great iron, steel and coal-producing center. The main line extends from Pittsburgh to Pittsburgh Junction, Ohio, a distance of about 60 miles. At the junction the road connects with Wheeling and Lake Erie, which was formerly controlled by the Wabash-Pittsburgh Terminal Ry. Through the West Side Belt R. R., which is operated as part of the P. & W. Va. system, the road is afforded an outlet for traffic going north from the Pittsburgh region. An agreement with this subsidiary of the Pennsylvania system providing for necessary motive power and prompt hauling of all cars turned over by the West Side Belt R. R. and adequate switching facilities has been in force since 1906. The P. & W. Va. is the owner of another valuable contract with the Carnegie Steel Co. which entitles it to one-fourth of all the traffic of this company which can be handled with reasonable dispatch.

The Pittsburgh & West Virginia system is essentially a coal, iron ore and iron products carrier, over 80% of its traffic

(*Continued on page 962*)

LOW-PRICED RAILROAD STOCKS

	1910–1920		1921		1922		Present
	High	Low	High	Low	High	Low	Price
Chicago & Alton:							
Preferred	69	8	12	9⅝	19¾	8½	8⅞
Common	67	6	8¼	6	9⅜	1⅜	17⅝
Chicago & Eastern Illinois:							
Preferred	*		37	33½	44⅞	31⅛	43¼
Common	*		16⅞	13½	28⅝	12¼	23
Chicago-Great Western:							
Preferred	64⅛	15¼	20⅞	14	23½	14⅛	22⅛
Common	36⅞	6	9⅛	6⅝	8⅞	5¼	8½
Kansas City Southern:							
Preferred	71	40	52	45⅛	58½	52¾	58
Common	44¼	12⅞	28⅞	18½	28⅛	22	27⅜
Pittsburgh & West Virginia:							
Preferred	†84¾	53⅛	76½	70	84	76	84
Common	†44¾	15¾	32	24⅛	34¼	23	32
Seaboard Air Line:							
Adj'm't Mtg. Bds 5s, '49	82¾	30	30½	29⅞	20	14	29⅛

* Road reorganized in 1920 and new stock issued.
† Stock listed in 1917.

Illinois Central's 1921 Report a Surprise

Due to Failure of Road to Collect $6,800,000 from the Government as Expected

THE report of the Illinois Central Railroad for the year 1921 as published in the papers last week came as a complete surprise to the financial district, and a disappointing one at that. Railroad statisticians did not all agree in their estimates of what this road would earn last year, but there were none who published figures that estimated less than $13 a share for the 7% common. The estimates based on the monthly reports of the road to the Interstate Commerce Commission were perfectly sound, but it is now evident that the earnings as reported were misleading.

The complete report for the year 1921 to the Interstate Commerce Commission bore out the estimates that had previously been made. On the basis of these earnings Illinois Central would have shown a balance of over $15 per share on the common, but in its detailed report the road deducted an adjustment of over $6,800,000 resulting from maintenance charges during Federal control. A good many of the carriers had claims in against the Government for maintenance expenditures made during the period of Federal operation, and most of these roads made two reports each month last year, one to the Interstate Commerce Commission, in which current maintenance charges were credited with the amounts presumably due from the Government, or what was known as a maintenance reserve, and the other the companies' reports in which full maintenance charges for last year were included. Illinois Central was one of the roads issuing but one report a month, and it was naturally assumed that these reports made full allowance for maintenance charges. It now develops that the $6,800,000 which the road expected to collect from the Government has been denied, thus necessitating a complete revision of the year's figures and reducing the balance available for the common to but $8.87 per share. The road included this maintenance adjustment in fixed charges for the year.

Disappointing as this showing is compared with what was anticipated, the writer does not believe it changes the possibilities in the common, as the road is demonstrating an earning power thus far this year well in excess of last year. Earnings for the first two months are at the annual rate of at least $16 a share on the common. If earnings of the road continue to hold up, as industrial conditions indicate they will, an increase in the dividend rate is quite possible.

The issuance of preferred stock up to $50,000,000 has been authorized by the stockholders. This issue was created to provide funds for the electrification work to be started and other capital expenditures. Stock will be issued from time to time as requirements warrant it. As pointed out by the writer in the last issue of THE MAGAZINE OF WALL STREET, this new stock will not jeopardize the possibilities for increased dividends on the common, but in the long run will greatly strengthen its position, for the road should more than make up the increased charges through reduced operating expenses as a result of the electrification.

Industrials

Present Position of the "Chemicals" and "Fertilizers"

Prices Nearly Stabilized—Demand for Products Shows Improvement — Davison, a "Mystery" Stock—Outlook for the Shares of the Six Leading Companies

By JOHN MORROW

THE tariff measure is about to be debated in Congress and there is the practical certainty that chemical and dyestuffs schedules will be the objects of spirited discussion, so that companies engaged in the manufacture of chemicals and dyestuffs and their shares will doubtless be even more prominent in the securities markets than they have been. Both chemical and dyestuffs went to extremely high prices during the war and then hit the toboggan. Lately there have been signs of stabilization, but levels are still far above pre-war prices, and there is no absolute assurance yet that the end of the period of price fluctuation has arrived. However, there is no doubt that fluctuations will be minor as compared with the chances of last year.

The fertilizer companies, which are in some ways allied with the manufacturers of chemicals, were badly hit by the collapse of the farmers' pocketbook and not only suffered a big decline in the volume of their business but also found collections exceptionally poor. Their business has yet to snap back in a convincing manner, but collections have improved measurably. It is generally agreed that the farmer has turned the corner, and the stocks of companies which depend mainly upon his purchasing power are coming to have more interest.

In view of the interest generally held in the securities of the leading chemical and fertilizer industries, an analysis of their securities would now be very timely. The principal companies are listed and discussed below.

ALLIED CHEMICAL & DYE CORPORATION

The Leading Factor in the Business

One of the most interesting and potentially significant industrial developments of the post-armistice period was the formation of the Allied Chemical & Dye Corporation, which, as the name signifies, is a consolidation of several chemical companies.

Allied Chemical & Dye includes the General Chemical Company, which manufactures heavy acids; the Barrett Company, which makes coal tar products, including roofing and road paving materials; the Semet-Solvay Company, manufacturing soda by-products; Solvay Process Company, manufacturing soda products, and the National Aniline & Chemical Company, manufacturers of aniline dyes. The four first named are older than National Aniline and all four had very satisfactory dividend records. The Barrett Company and the General Chemical Company, in particular, were prosperous and soundly established corporations.

The development of the chemical and dye industry in this country on a scale to rival the pre-war status of Germany's chemical and dye industry promises to be one of the most important of the present post-war periods. Considerable depends upon the protection accorded by the new tariff that is before Congress now. There is current information to the effect that Germany may make some working agreement with French chemical and dye manufacturers in an endeavor to restore its industry, and this is a point which must be kept in mind in considering the securities of the Allied Chemical and Dye Corporation.

Capitalization

As a result of the consolidation, Allied Chemical and Dye has a funded debt of $7,367,000 consisting of the funded debt of the consolidated companies, which is undisturbed, and a share capitalization consisting of $38,951,000 7% cumulative preferred stock, par value $100, and 2,169,439 shares of stock without par value. This common stock is paying dividends at the rate of $4 a year.

Allied Chemical was incorporated late in 1920, and a consolidated income account for that year revealed earnings equivalent to $6.33 a share on the outstanding common stock. In the year ended December 31, 1921, earnings were between $2 and $3 on the common stock. Net income was $7,646,909 and $11,356,834 was paid in dividends upon the preferred and common shares, indicating a deficit for the year of about $3,700,000. Good earnings had not been expected, but the balance sheet position of the company at the end of 1921 was decidedly satisfactory. At the end of 1920, notes payable were $11,000,000. At the end of 1921, there were no notes payable and total current liabilities were $8,286,000, against total current assets of almost $75,000,000, including $11,930,000 cash.

Earnings Outlook Improved

Of course, during the war chemicals of all kinds had enormous price advances. Since the war they have had relatively big declines but are still well above the pre-war level. It may be that these prices are not yet fully stabilized, but the earnings outlook for Allied Chemical has improved, owing to the great amount of building under way, the recovery in the steel industry and the anticipated improvement in the textile industry, in all of which Allied Chemical's products are extensively used.

At the time of the formation of Allied Chemical & Dye it was hoped to place the common stock on a $6 dividend basis, but the business depression has made this impracticable as yet. Evidently the market price of the common shares is influenced by this hope and expectation, as a price of 68 is rather a high level for a $4 stock. The business represented by Allied Chemical, of course, is subject to great expansion, and the common stock may be said to hold good speculative possibilities, but should not be purchased except by those who understand and are willing to incur the speculative risks involved.

The preferred has paid the 7% dividend regularly since its issuance, and at its present price of around 107 seems reasonably cheap and well secured as to dividends.

	Price Range Common Shares Past 5 Years				Approximate Current Market	Dividend Rate	Earnings on Common Shares			
	High		Low				1918	1919	1920	1921
Allied Chemical..	69⅝	(1922)	34	(1920)	68	$4.00	....	....	$6.33	$2.3
Davison Chem...	65⅝	(1922)	23	(1921)	64	..	$3.40	$3.90	$4.11	*
Am. Agri. Chem..	113¾	(1919)	26½	(1920)	40	..	$35.0	$35.0	$11.21	‡Def.
Va. Carolina Ch..	92½	(1919)	20¾	(1921)	35	..	$24.2	$18.0	$20.2	†Def.
Int. Ag. Ch. Pfd.	91⅞	(1919)	31	(1921)	39	..	$14.8	$16.3	$18.7	‡Def.
Tenn. Copper....	21	(1918)	6¼	(1920)	12	..	$0.70	$0.08	$0.20	*....

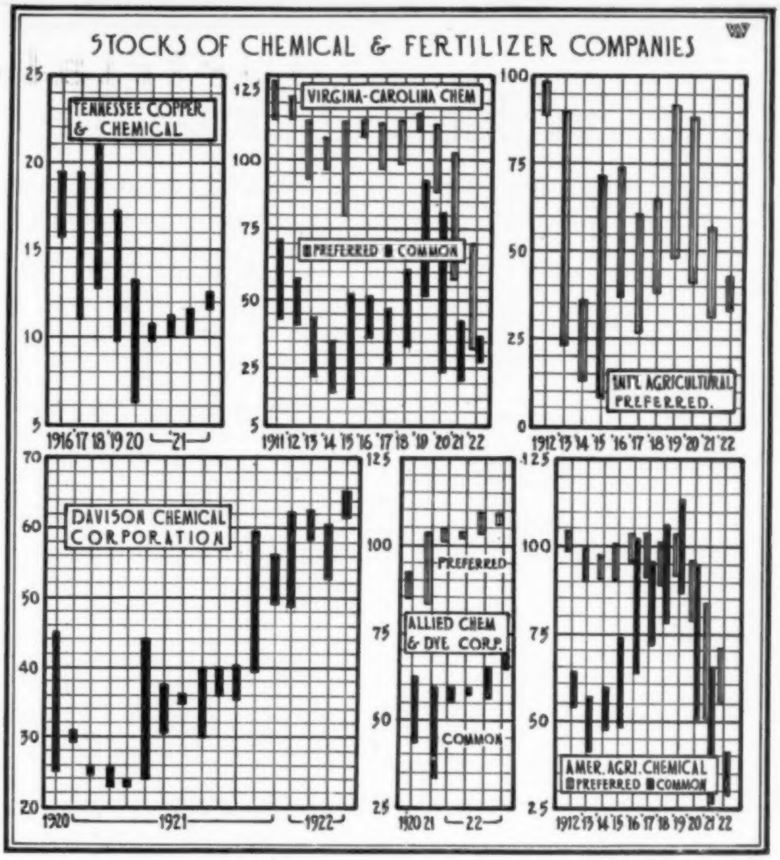
* Not available yet.
† Year May 31.
‡ Year June 30.

DAVISON CHEMICAL

A "Mystery" Stock

Wall Street loves a mystery stock, and in Davison Chemical it has one which apparently suits requirements. Davison Chemical has been doing business since 1832, engaged mainly in the manufacture of sulphuric acid and in this line has been reasonably successful. The interest in the stock of the company, however, is not centered on its ability to make sulphuric acid but is concentrated upon the process known as the silica gel process. There have been all kinds of rumors and reports circulated as to what this process can do. Interests connected with the company simply say that the silica gel process is a unit that replaces the re-running process now used in the refining of oil. Oil has to be re-run to remove the color and a disagreeable odor.

Accompanying the rumors of the great potential value of this process have been rumors of large contracts being placed for its use by the leading oil companies of the country, and there has also been talk that some of the foreign oil companies were interested. To date there have been no definite announcements of the completion of any of these contracts. There has also been the story that a new company would be formed to take over the silica gel process, and that in the formation of this company Davison Chemical stockholders would be given valuable rights. Thus far all of this has been placed in the category of "market gossip."



Silica Gel

Of course, if the silica gel process comes up to expectations, Davison Chemical stock would apparently have great speculative possibilities, and, as a matter of fact, the stock is selling at its present price of above $60 per share because of silica gel, and yet the average trader who buys the stock must buy blindly—that is, he has nothing concrete upon which to base his operations.

Davison Chemical has outstanding 200,000 shares of common stock of no par value, preceded by $2,371,000 first mortgage 6% bonds due 1927 of the Davison Sulphur & Phosphate Company. These bonds are convertible into Davison Chemical stock at the rate of 16⅔ shares for each $1,000 face amount of bonds.

In the year ended December 31, 1920, net income of the company was $822,000, equal to $4.11 a share on the outstanding 200,000 shares of stock. In that year dividends of $2 a share were paid, but dividends were deferred in January, 1921. The report for 1921 has not yet been published, and it is not known whether these figures will include any earnings from the silica gel process.

In connection with the manufacture of sulphuric acid, the company owns its own phosphate lands in Florida and pyrites lands in Cuba.

So far as the records show the earnings of 1920, when over $800,000 was reported as net income, might be considered as above the average. In 1917 net income was $876,000, but this was probably due to a large extent to demand for acids caused by the war.

Davison Chemical, without the speculative influence of silica gel, would seem to be rather highly valued and is an unsafe issue for the average speculator. The stock is subject to wide fluctuations, and while its mystery may be attractive enough for professional operators, the solution had best not be attempted by what might be called the "lay operator."

AMERICAN AGRICULTURAL CHEMICAL

Gradually Recovering from Depression

At the end of the fiscal year June 30, 1920, American Agricultural Chemical had a profit and loss surplus of $18,105,000. At the end of the fiscal year June 30, 1921, American Agricultural Chemical had a profit and loss surplus of $2,669,950. That comparison of figures briefly, but plainly, indicates what happened in the fertilizer industry when the business depression tumbled on the heels of the 1919 prosperity.

American Agricultural Chemical had had six prosperous years up to June 30, 1920, earning in that period a total of approximately $133 a share on the common stock outstanding and, of that, disbursing in dividends about $34 a share. In those six years the profit and loss surplus had almost doubled, and the dividend rate upon the common stock had grown from $4 to $8. Then came the crash in earnings due, primarily, to the great slump in the buying power of the farmer—a buying power which has not yet been restored. Since June 30, 1921, American Agricultural Chemical has been in a period of recuperation, which is progressing somewhat slowly but steadily, and the statement is warranted that the corner has been turned. Particularly is the treasury position of the company easier. At the end of the last fiscal year bank loans stood at $15,500,000. By the end of December these had been reduced by about 60% and at the end of the first quarter of the current year it is the understanding that financial position was still easier.

There has been no great improvement in the amount of business done, although the sales of fertilizer during the first quarter of 1922 have been larger than for the same period of 1921.

During the war period there were some decided changes in the capital structure of American Agricultural Chemical. The total, including bonds and stocks, now stands at about $94,300,000, compared with $63,000,000 at the end of the 1915 fiscal year. The increase has been in the common stock and in the funded debt. The net increase in interest charges during the period in question has been, roughly, $2,100,000, an amount equal to about 6% on the present outstanding common stock of $33,322,000. **These figures are cited to indicate that if the earning power of the company has not been permanently increased as compared with pre-war levels, then the dividend outlook for the junior shares is rather dismal inasmuch as it would take $900,000 more to pay 6% upon the common**

(*Continued on page* 920)

Wilson Turns the Corner

Company's Inventories Down to Bed-Rock and Finances in a Strong Position—Earnings Commerce to Show Improvement—Outlook for the Bonds and Stocks

By A. T. MILLER

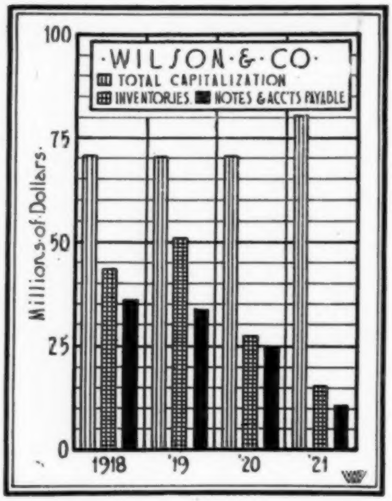
FOR two years, Wilson & Company, in common with the other packers, has contended with adverse conditions. When depression hit the world several years ago, almost the first to feel the effects was the packing industry. As a result of the declining price movement, inventories of the packing interests shrunk in value to proportions of comparative insignificance. Almost without exception the packers in 1920 and in 1921 showed very heavy deficits as a result of the losses they were compelled to suffer during the deflationary process.

Wilson was no exception to this state of affairs and at the end of 1921 showed a deficit for the year of $9,206,264, practically all of which was due to its loss in inventory values. It is significant, however, that while Wilson, indeed, suffered a great loss in the past year this was not due to a shrinkage in the volume of business, which was maintained remarkably well, but to the continued decline in inventories. The point to notice is that Wilson, through its extremely efficient management, kept a firm grip on its business, and that the losses incurred were due to general conditions rather than to internal conditions. As a matter of fact, the Wilson management is so strong that now that prices have become stabilized more or less, the company should report good profits, as it has managed to retain practically all its business.

The principal element in the situation, therefore, is the probability with regard to the price of the company's products. On this score, no doubt is entertained that packers' prices are now more or less completely stabilized and, indeed, there is a good possibility that the general level of prices for these products will be somewhat higher by the end of the current year.

Financial Condition

As a result of the heavy losses it had to take in inventories, the company was forced to do some new financing at the close of last year. For this purpose, a $10,125,000 issue of 10-year 7½% convertible sinking fund bonds was authorized and sold. This financing, permitting



the reduction of the floating debt, placed the company in a much stronger position. In conjunction with the issuance of these new bonds, the company authorized an increase in the common stock from 500,000 shares (the then authorized amount) to 700,000 shares.

The company is very conservative in regard to its own valuations on its assets. For example, plant and equipment which is carried on the books at a value of $31,600,000, according to independent appraisal, is undervalued by at least $11,000,500. Furthermore, the company has maintained ample reserves against South American Exchanges since the decline of those values set in several years ago, but now that "exchange" is gradually advancing, the result will ultimately be to restore the company's net working assets in these countries to their original dollar values. This, in turn, would release the reserves set aside by the company for that purpose, thus greatly strengthening its working capital position.

Current Conditions

Toward the end of 1921, conditions in the packing industry began to improve and Wilson, together with the other large packers, commenced to profit from this development. Unfortunately the general strike in the packing centers, which took place at about that time, temporarily paralyzed these companies so that they were unable to show the results of the improvement which took place, when they put out their annual statements.

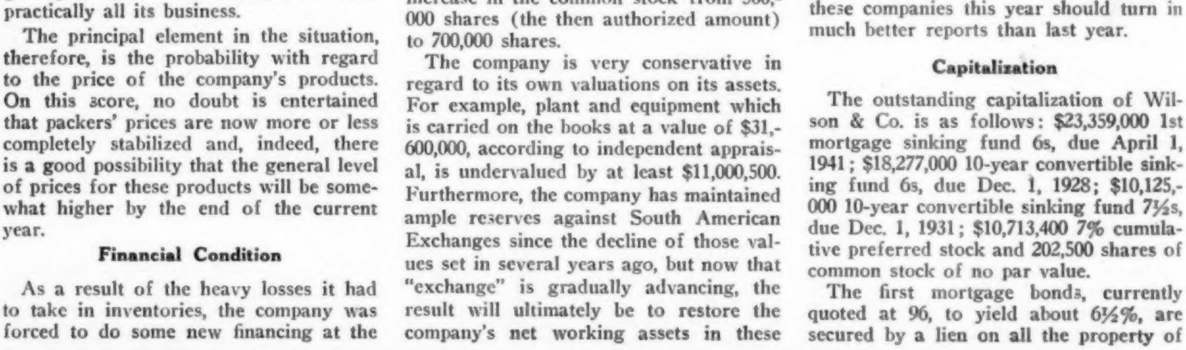
Since the beginning of 1922, however, conditions have shown improvement and, with labor difficulties out of the way and business generally on the up-trend, it is apparent that these companies can be considered to have turned the corner. To substantiate this impression it would be worth while to mention that in the last statement of the President of the company he says "The first two months of our new fiscal year have shown satisfactory profits."

The packing companies depend largely on a heavy turn-over and a stable price to make profits and as both elements are now present and will undoubtedly continue for some time, it is obvious that these companies this year should turn in much better reports than last year.

Capitalization

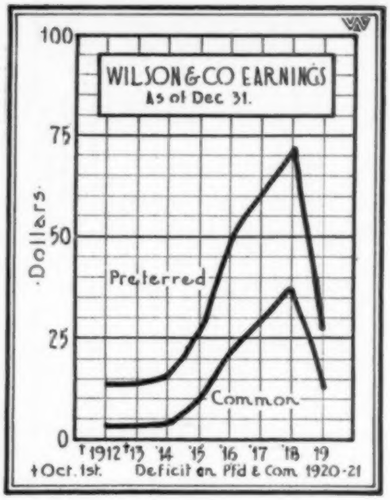
The outstanding capitalization of Wilson & Co. is as follows: $23,359,000 1st mortgage sinking fund 6s, due April 1, 1941; $18,277,000 10-year convertible sinking fund 6s, due Dec. 1, 1928; $10,125,000 10-year convertible sinking fund 7½s, due Dec. 1, 1931; $10,713,400 7% cumulative preferred stock and 202,500 shares of common stock of no par value.

The first mortgage bonds, currently quoted at 96, to yield about 6½%, are secured by a lien on all the property of



Panoramic view of the great stockyards at Chicago

the company, and are recommended as a good investment, offering an excellent yield with opportunities for a material enhancement in price as conditions in the industry become stronger and money conditions continue satisfactory. The convertible 6s are currently quoted at 89, returning a yield of almost 8% to maturity. The bonds are callable at 105 and are convertible into common stock at the rate of 10 shares of the latter for each $1,000 bond. Inasmuch as the stock is quoted at only 43, the conversion feature of this particular bond is not particularly attractive, as the stock would have to sell at over 89 to make conversion profitable, if the bonds were bought at these levels. The case is quite different with the 7½s, which are convertible into common stock at the rate of twenty shares of the latter for each $1,000 bond. The 7½s are quoted at 103, giving a yield of slightly over 7% if held to maturity. At this price, conversion into the common stock would be profitable, with the latter selling at over 50. Inasmuch as the stock is now quoted at 43, it has only 10 points to go in order to make conversion of the bonds profitable. For this reason, the 7½s appear to be very attractive at the current levels.



The preferred stock with bid and asked prices of 80 and 85 respectively, has paid the 7% dividend regularly since 1912 and now that the company is slowly recovering from the effects of the recent depression, and considering its stronger financial position, may be classed as a good business man's investment, with possibilities of enhancement in value.

The common stock, on which dividends were suspended a year ago, offers a good speculative opportunity at these levels, based on two considerations: first, the improving position of the company, with good prospects for a higher rate of earnings than that seen in the past two years and, second, the nearness of the conversion level into the 7½% bonds. The stock has had a good advance this year from 27 to 43, **but is in a strong position for a further rise as affairs in the company continue to improve.**

Manhattan Shirt Company

Depression Without Effect on Manhattan Shirt

In the Worst Period of Last Year's Depression This Company Distinguished Itself by Increasing Its Earnings and Its Dividend Rate

By WILLIAM J. KEARY

IN a period when the textile industry was suffering from severe depression and manufacturers of shirts and other textile products were showing heavy operating losses, the Manhattan Shirt Company distinguished itself by maintaining its sales volume practically undiminished, earning substantial returns on its stock and continuing to pay and even increase its dividends. Contrasted with the statements of other shirt manufacturers, the report of the Manhattan Shirt Company for its latest fiscal year makes cheerful reading.

The results achieved in a trying period show once more the value of diversification. The company's principal product is the well-known "Manhattan" shirt, but in addition it manufactures underwear, pajamas, collars, and more recently, women's fancy dress products. Its subsidiary, the Salway Dyeing and Textile Company, as well as treating the company's own products, does a profitable business in dyeing the goods of outside concerns. Weaving, warping and other processes, which are a part of the company's own manufacturing operations, are also performed for other organizations. These various activities make for the constant employment of the company's facilities and are a source of strength in times of hardship, as the record for the past two years proves.

Manhattan Shirt Company is successor to a business that dates back as far as 1867, and has behind it, therefore, a long record of manufacturing and merchandising. In addition to its dyeing and weaving plants at Pawtucket, Rhode Island, the company owns plants situated at Paterson and Passaic, New Jersey, Poultney, Vermont, and Salem, New York, and leases plants at Brandon, Vermont, Pittsfield, Massachusetts, and Fort Edward, Albany, Plattsburg, Greenwich, and Kingston, New York. The popularity of the trademarked "Manhattan" shirts may be gauged by the fact that some 3,000,000 of them are sold annually, varying in texture from silk to cotton. Products are not sold indiscriminately to retailers, the company confining itself to a selected list. Without any expense to itself, the company gets a good share of useful publicity and advertising from the published advertisements of clothiers handling its products.

The Capitalization

Capitalization consists of $3,000,000 of 7% Cumulative Preferred Stock (par $100) of which $1,600,000 is outstanding, and $7,500,000 of Common Stock (par $25) of which $5,000,000 was outstanding at December 31, 1921, and which has been increased to $5,625,000 by the payment of recent stock dividends. The authorized amount of Preferred Stock was issued in full, but $1,400,000 was redeemed a few years ago out of surplus earnings. Because of the absence of funded debt and the comparatively small amount of Preferred Stock outstanding, the Common Stock is in a strong position. When earnings are high the Common Stock can share to the fullest extent in the benefits, owing to the relatively small deductions that precede its claim to profits.

MANHATTAN SHIRT EARNINGS

	Earnings on Common Stock	Earned %	Dividends Paid per Share
1918......	$549,045	10.9	$1.50
1919......	1,013,303	20.2	1.56
1920......	462,097	9.2	1.75
1921......	913,377	18.2	1.75

Excellent Earnings Record

Net profits for 1918 (fiscal year ending November 30) after deducting preferred stock dividend requirements and Federal taxes amounted to $549,045 or 10.9% on the Common Stock; for 1919 were $1,013,303 or 20.2%; and for 1920 were $462,097 or 9.2%.

In the fiscal year ending November 30, 1921, the company showed profits applicable to common stock of $913,377, equivalent to 18.27% (or $4.57 on the $25 par shares) on the amount outstanding. Considering that this period was a distressing one for the clothing industry, the achievement of the Manhattan Shirt Company in earning so substantial a return on its common capitalization is noteworthy. These earnings were arrived at after deducting $329,616 for taxes, the burden of

which should be reduced in the current year as a result of the revision of the tax laws.

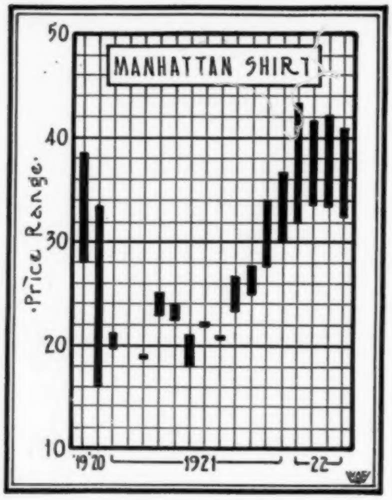
The financial condition of the company as shown by the latest balance is strong. Total assets were $5,454,634 against total current liabilities of $1,664,363, a ratio of well over three to one, which makes a good showing. Cash and receivables alone amount to $1,978,990 against accounts and notes payable of $1,334,746, indicating that the company is not dependent on liquidating its inventory for means of meeting its indebtedness. Inventory was carried at $3,475,644 compared with $3,950,551 for the previous year, and does not appear cumbersome or out of proportion. Trade name, goodwill and patterns are carried at $5,000,000, and in view of the excellent reputation of the "Manhattan" shirts may be considered to have a real value.

Dividends have been paid on the common stock at varying rates during the past seven years. In 1915 the company paid 1½%; in both 1916 and 1917 paid 4%; in 1918 paid 6%; in 1919 paid 6¼%, and in 1920 and 1921 paid 7%. In every year the earnings were largely in excess of the dividends paid.

Stock Dividends

On February 7, of this year, a special stock dividend of 10% was paid, and the cash rate raised to 8% annually or $2 per share on the $25 par value shares. In addition to the regular 8% cash rate the directors declared a quarterly stock dividend of 2½%, or 10% annually, which will be a regular payment. According to the latest balance sheet the company had an undistributed surplus of $3,592,384, equivalent to approximately 72% of the common stock. It may be presumed, therefore, that the stock dividends are a charge against this surplus rather than current earnings—in other words, the company is capitalizing its surplus and distributing to shareholders in the form of stock profits which were earned and reinvested in the business. This entails no drain on the company's asset resources, as in the case of a cash dividend. Against the 8% cash dividend, the company earned over 18% in the past fiscal year, with the likelihood of an even higher percentage in 1922. Even with no surplus to fall back upon, the company could meet both its current cash and stock dividend requirements with earnings approximating last year's standard.

At the present time, the twelve plants of the company are running at full capacity. Orders on hand at the moment are sufficient to keep the facilities of the company fully engaged until next fall. Sales for the first few months of the present fiscal year are over 30% ahead of the corresponding period of the previous year. According to the president's statement in the annual report, the underwear, pajama and collar departments have grown and plans are under consideration to increase output to care for a growing demand. From all indications the present year ought to be a prosperous one for the company in view of the capacity business and the fact that price cutting seems to have run its course, the tendency now being towards stabilization or an upward movement.



Conclusion

In 1920 the common stock fluctuated between 33½ and 16. From its low of 18 in 1921, the stock climbed to a high of 36¾ for the year, and at the present time of writing is selling around 40. At this price the direct cash return on the stock is around 5%, and assuming that the 10% annual stock dividend is sold at prevailing market prices, the total cash return is 15%, which is a very attractive yield.

Taking into account the stability of the company in times of depression and readjustment, its proven earning capacity and strong financial position, it has shown itself to be fundamentally sound. The common stock at present levels seems to offer good speculative opportunities. It is in a position to share directly and very fully in earnings and has the advantage of a good dividend record, large prospective earning power for the current year, and returns a good yield on the outlay. While the stock has had a good advance it does not appear to have fully discounted the favorable developments and outlook, and seems in line for appreciation to higher levels.

PRESENT POSITION OF THE "CHEMICALS" AND "FERTILIZERS"

(*Continued from page* 916)

stock owing to the increase in the amount outstanding as compared with the 1915 outstanding stock.

The Common Stock

From 1899 to 1911 inclusive the company paid no dividends at all on the common stock but instituted disbursements at the rate of 4% in 1912. Then came the war period, and earning power was lifted to abnormal levels. The question is, how far will the recovery in business lift back earning power? The company has a heavier capital burden to shoulder and a considerably larger amount of common stock outstanding upon which to pay dividends. It is a very pretty question, and the writer knows of no way in which it may be answered. He does feel that recovery from now on is fairly sure and that it is going to be fairly steady.

Possibilities for the Preferred

Dividends on the 6% cumulative preferred were suspended in April, 1921, so that there are accumulations of about 6% on the stock at the present time. It may be safely said that earning power should recover enough to admit the resumption of preferred dividends, and on that basis the preferred stock may be purchased, not as an investment but as a speculation.

The first refunding 7½% bonds due 1941 appear to be attractive under 105; and there is no reason to believe that the company cannot adequately maintain the integrity of this issue, which should establish a higher investment position than it now occupies.

VIRGINIA-CAROLINA CHEMICAL

Dividends on Preferred Reasonably Near

Virginia-Carolina Chemical finds itself in a plight similar to that of the American Agricultural Corporation. These two the company reported a loss of $15,663,000 before dividend deductions and more than 50% of this was sustained in the edible oil branch. The market in edible oil products went steadily downward from June, 1920, to the Spring of 1921. Since then there has been stabilization.

Virginia-Carolina Chemical at the end of 1915 had a profit and loss surplus of $10,689,000. At the end of 1920 this had grown to over $27,000,000, and then came the crash in business. The result was a profit and loss surplus of only $8,775,000 as of May 31, 1921.

During the war period Virginia-Carolina increased total capitalization between $9,000,000 and $10,000,000, due chiefly to an increase in the funded debt. The company faces the maturity of the $11,000,000 first mortgage 5s on December 31, 1923. While that is not of immediate importance, the maturity is near enough to have some influence in the not distant future on the general position of the company.

As with American Agricultural Chemical, Virginia had six prosperous years ending May 31, 1920. In that time over $90 a share was earned upon the common stock and a total of $16.50 a share paid out in dividends on the common. The corporations are the leading fertilizer companies of the country. Virginia-Carolina Chemical has its headquarters at Richmond, Va., and finds the widest outlet for its product among the cotton growers of the South. In addition to the manufacture of fertilizers, Virginia-Carolina has an edible oil department and also does a large business in cottonseed oil. These departments of the corporation's activities were as hard, if not harder, hit than the fertilizer business.

In the fiscal year ended May 31, 1921, dividend record on the common stock has

(*Continued on page* 950)

A Group of Sound Industrial Preferred Stocks

Returning an Average Yield of 7.4%, American Can, American Smelting, Kelly-Springfield 8%, Worthington Pump "B" and Pressed Steel Car Offer Very Attractive Investment Opportunities at Current Levels

By FRED L. KURR

WITH prospects of cheaper money for some time to come many desirable investment opportunities are to be found among the preferred stocks. Easier money naturally has an important effect on sound dividend-paying securities, resulting in a higher level of prices. Having just passed through a period of high interest rates combined with an industrial depression which theatened preferred dividends which had never been threatened before, many sound preferred stocks are still selling at a price that is attractive in spite of the substantial advance that has occurred in this class of stock in the past few months. In this article five preferred stocks are discussed that, while not in the gilt edge class, can be regarded as sound securities, and, in view of the improved outlook of the companies, are likely to work into a stronger investment position in the near future with a consequent advance in price. They are recommended as reasonably safe investments with profit possibilities.

AMERICAN CAN 7% PREFERRED

American Can 7% cumulative preferred stock is in a remarkably strong position and in the writer's opinion will in the near future be classed with the gilt-edge preferred issues. In the past six years earnings equivalent to $50 a share on the preferred have been put back into the property and as a result the plants have been brought up to a high state of efficiency and the working capital increased to $30,000,000. This preferred stock, of which there is $41,233,300 outstanding, is preceded by a bond issue of $9,655,500. The bond issue was originally $15,000,000 and has been cut down to the present figure through sinking fund provisions.

In recent years the company has always succeeded in covering the preferred dividend with a good margin to spare and even in 1921, when there was a great depression in the canning industry, 9.77% was earned on the preferred. It is anticipated that the common stock will go on a dividend basis in the near future and this should strengthen the investment position of the preferred stock. At present price of 104 the yield is very attractive at 6.7%. American Can is the leading factor in its industry and with modern plants located at all the leading canning centers has little to fear in regard to increased competition. It has a highly efficient organization.

AMERICAN SMELTING 7% PREFERRED

American Smelting & Refining Co. 7% cumulative preferred stock has recovered to present prices of 97 from a very severe break in 1921 when it sold at low as 63¼. There was a very unusual combination of circumstances which brought about this decline. In the first place, a former official of the company made a very violent attack on the Guggenheim management which tended to destroy the confidence of investors in the property; in the second place, the mining industry was at a standstill and most of the company's plants were idle, and in the third place, the market for securities was demoralized. Holders of the preferred stock became frightened and sold out, and short selling helped the decline along.

As a matter of fact the situation was never at any time dangerous from the investor's point of view. The management opened its books to full investigation and the company was shown to be in sound condition physically and financially. In spite of the most unfavorable conditions in years 3.42% was earned on the preferred in 1921, after deducting large sums for depreciation and depletion, and if inventories had been marked up to the market price Dec. 31, 1921, the dividend would have been fully earned. During the year, current liabilities were reduced from $22,000,000 to $10,000,000. Working capital of the company is $45,000,000. Dividends on the preferred have been paid without a break since issuance and in the past twenty years, with the exception of 1921, the stock has always sold well above par. With the copper and zinc properties starting up and better conditions in Mexico the company should be able to make a very satisfactory showing this year. At present price of 97 the yield is 7.2%.

KELLY SPRINGFIELD 8% PREFERRED

Kelly Springfield 8% cumulative preferred stock, of which there is $5,625,200 outstanding, is preceded by $10,000,000 8% notes and $3,137,100 6% first preferred stock and is followed by common stock with a present market value of $17,000,000. In 1921 the company reported a deficit of $506,960 before preferred dividend payments, but this deficit was largely caused by losses in inventory account. In 1920, 26.14% and in 1919, 40.34% was earned on the 8% preferred stock.

With inventory marked down to rock bottom prices, a new and more efficient plant just put into operation and a big demand for the company's products, there is every reason to believe that the preferred dividend will be covered with a large margin to spare in the current year. This company has an excellent record and is in strong financial condition with a working capital of $10,000,000. At present price of 100, the 8% preferred stock appears very attractive.

WORTHINGTON PUMP 6% PREFERRED "B"

Worthington Pump & Machinery Corp. capitalization consists of $1,000,000 funded debt, $5,582,833 7% preferred A stock, $10,321,671 6% preferred B and $12,149,149 common stock. During the war period this company made large profits, and as comparatively little was paid out for dividends or new construction these profits were kept in a liquid form and

(*Continued on page* 943)

INDUSTRIAL PREFERRED STOCKS

	*Dividend	Callable	Price Range 1913 High	1913 Low	1919 High	1919 Low	1921 High	1921 Low	1922 High	1922 Low	Present Price	Yield %
American Can	$7	...	†129½	80½	107⅝	98	97	70¾	104⅞	93¼	104	6.7
American Smelting	7	...	107	97	109⅝	94	90	63¼	98½	86⅛	97	7.2
Kelly Springfield	8	125	...	...	110¼	101½	94	70¼	100⅛	90½	100	8.0
Worthington Pump B	6	105	...	...	81	66	70	54	72⅝	64¾	72	8.3
Pressed Steel Car	7	...	101⅛	88½	106	100	104	83	95¾	91	95	7.4

* All stocks in table are cumulative as to dividend, except Pressed Steel Car.
† 24% back dividend paid in 1913.

Five Attractive Low-Priced Industrials

Offer Good Speculative Opportunities at These Levels—Improved Prospects for These Companies

By FREDERICK LEWIS

WHILE it is true that in the past several months the better grade of low-priced stocks have had a very material advance, there are still good speculative possibilities in this class of stock provided careful discrimination is used by the purchaser. In this article, five low-priced issues are discussed that appear to be selling at a relatively conservative price in view of the improved business outlook, the past record of these companies and their financial condition. All of these stocks have a good market on the New York Stock Exchange and are securities of companies that are well established in their respective lines.

LOFT INC.

Stock Attractive at These Levels

Loft Incorporated is one of the largest companies in the candy industry. It manufactures practically all of its own products and does a large wholesale as well as retail business. The Company now has 26 stores as against only 13 in 1919. Early in 1922 an arrangement was entered into with the National Grocery Co., which operates 360 grocery stores, to handle the Loft products. It is anticipated that sales through this source alone will reach $1,000,000 a year.

As is well known, 1921 generally was a very unfavorable year for the candy companies, as the big drop in the price of sugar caused large losses to be taken in inventory. In spite of this, Loft was able to cover its $1 dividend in that year, the final results showing $1.12 earned on the stock. With its high-priced sugar worked off there is every reason for believing that 1922 will make a very much better showing. The balance sheet as of December 31, 1921, shows the company to be in comfortable financial condition, with a working capital of $451,000 and no bank loans. **At present price of 13 the yield is 7.7%. This is decidedly attractive, as there would appear to be no reason to doubt the continuance of the dividend in view of the good financial condition and improved outlook.**

AMERICAN LA FRANCE

Stock on 8.7% Yield Basis

American La France Fire Engine is the most important company in the United States engaged in the manufacture of fire engines and other fire-fighting equipment. It has been in this business for a long period of years and shown itself to be a very consistent money maker. The demand for the company's products is a steady one and it is not very much affected by hard times. Of course, in 1921, losses in inventory account had to be taken, but these were not unduly large, and as sales held up fairly well the company was able to show the dividend of $1 a share on its stock earned with a comfortable margin to spare.

Capitalization is conservative, there being only $124,000 funded debt, $2,611,143 7% cumulative preferred stock and $2,826,000 common stock, par value $10. Working capital is $2,417,000, which is large in view of the small capitalization. Bank loans at the end of the year stood at $800,000, but the company had cash and marketable securities on hand sufficient to cover this and can be regarded as in a very sound financial condition. **At present price of 12 the yield is 8.3%, and in view of the excellent record of this company over a period of years the stock looks like an attractive semi-speculative opportunity.**

V. VIVAUDOU, INC.

Business Picking Up

The company's largest line of merchandise is manufactured under the trade name of "Mavis," consisting of popular-priced toilet articles. Vivaudou was caught with a high-priced inventory of $2,335,279, when prices began to drop and had to assume a severe loss. On December 31, 1921, this inventory had been reduced to $1,200,801, and all losses were absorbed. In view of this the report for the 16 months ended December 31, 1921, with a loss of $204,732, is not at all a bad showing. The first three months of 1922 have shown a substantial increase in business. Bank loans of the company have been cut down to about $500,000, a small amount in view of the company's working capital of $1,386,000. Capitalization consists of 300,000 shares of no par value and there are no bonds or preferred stock. Dividends were discontinued in April, 1921. **With earnings estimated at over $2 a share, the chance of dividend resumption is not remote and the stock at these levels may be considered a good speculation.**

WEBER & HEILBRONER

Imposing Prospects

Weber & Heilbroner has a record of several years of successful operation of retail clothing stores in New York City. The company now has 13 stores operating and its volume of business is materially increasing. In 1921, despite unfavorable conditions, including a fire which destroyed the store and general offices at 241 Broadway, the company was able to earn $1.12 on its stock, which pays $1. Capitalization consists of $695,000 preferred stock and 173,477 common of no par value. **The company is in sound financial condition, and with sales increasing this year the dividend would appear to be quite secure. At present price of 13 the yield is 7.7%.**

MONTGOMERY WARD

Has Turned the Corner

Montgomery Ward is the second largest mail-order house in the United States. Mail-order firms are obliged to carry very heavy inventories in order to be able to supply the demands of their customers on quick notice, and as a result such companies were obliged to take very heavy losses because of depreciation in this account in the past two years. For the two years 1920 and 1921, a total deficit of $18,600,000 was piled up. Previous to 1920, the company showed an excellent earning power, net profits for 1916, 1917, 1918 and 1919 being in excess of $4,000,000 in each of these years. Through liquidation of inventory in 1921, Montgomery Ward is in a better financial condition, bank loans having been reduced from $10,460,000 to $2,970,000. Working capital is $14,766,000. Sales have increased so far this year and the outlook is very encouraging for still larger sales. It is understood that since the first of the year the dividend on the preferred stock has been more than earned. It looks very much as though this company has finally turned the corner. **Dividends on the common cannot be expected for some time as large losses have to be made up, but at 20 the stock appears not without merit as a long-pull speculation.**

FIVE ATTRACTIVE LOW-PRICED INDUSTRIALS

	Earnings		Price Range 1921		Price Range 1922		Shares Outstanding	Par	Working Capital	Dividend
	1920	1921	High	Low	High	Low				
Loft, Inc......	$1.11	$1.12	12¾	7¼	13⅞	9	650,000	none	$451,000	$1
Am. La France	2.15	1.45	11⅜	7⅞	12½	9⅞	282,600	10	2,417,000	1
Vivaudou	2.32	†def.	9¼	5⅝	13	6⅛	300,000	none	1,386,000	none
Weber & H'lb'r	0.55	1.12	13½	8½	14	10¾	173,477	none	911,000	1
M'tgom'y Ward	*def.	*def.	25	12⅝	22	12	1,141,251	10	14,766,000	none

† Deficit for 16 months ended Dec. 31, 1921, $204,732.
* Deficit before dividends, 1920, $7,855,278; 1921, $8,931,299.
In 1919 net income was $4,194,170.

Inquiries on Industrial Securities

Inquiries on Other Securities Will Be Found in Their Respective Departments

CENTRAL LEATHER

A Switch Suggested

I hold 100 shares of Central Leather, purchased at 30, and 50 shares of American Hide & Leather preferred, purchased at 58. Consider exchanging for something else. What do you advise? Do you regard Illinois Central favorably?—D. G. H., South Bend, Ind.

In our opinion, it would be advisable for you to take profits on Central Leather common at present price of 40. The outlook for the leather industry is improved, but this company took such a terrific loss that in our opinion it will be a very long time before dividends can be resumed on the common stock. Suggest a switch of 50 shares into Brown Shoe, selling around 48 and 50 shares into Illinois Central at 107. We do not know of any dividend-paying railroad stock which we would prefer to Illinois Central and look for this to go considerably higher in the next six months.

Considering your profits, suggest a switch from American Hide & Leather preferred 72 into Royal Dutch 63.

AMERICAN ZINC PREFERRED

Good Speculation

I would like very much to have your opinion on American Zinc $6 preferred stock.—J. C. L., New York City.

We believe American Zinc preferred is in a good position. Stocks of zinc have been greatly reduced and there is now talk of a tariff which would protect zinc mining companies in this country. The company is in good financial condition and as soon as it is able to earn anything should be able to pay it out in dividends on the preferred.

COLUMBIA GRAPHOPHONE

Business Outlook Uncertain

A few weeks ago I bought a hundred shares of Columbia Graphophone preferred at 11. It has had a fair advance since then and I would appreciate your opinion as to whether it is now advisable for me to take my profits or hold for higher prices.—J. L., York, Pa.

While it looks as though any immediate receivership of the company will be avoided there are other factors to consider now which makes the outlook, in our opinion, rather uncertain. The great increase in the popularity of radio-receiving stations is undoubtedly having an unfavorable effect on the sales of phonograph records and some companies report a falling off of 33⅓%. The entertainments given by the radio broadcasting stations are improving in interest daily and this may have a more or less permanent effect on the phonograph industry. Under these circumstances believe it advisable for you to take your profits at present price of 15 and switch into a sounder security. A suggestion is the Interboro-Metropolitan 4½% certificates, selling at the same price. We regard these as having very attractive long pull possibilities.

A LITTLE LATE

Martin Parry-Stewart Warner

As one of your subscribers I have noticed that under "Answers to Inquiries" Stewart-Warner Speedometer and Martin Parry have been well spoken of but I failed to buy them. What do you think of their purchase now? What other low-priced industrials or railroads do you favor?—E. F., New York City.

Having recommended Martin Parry under 20 and Stewart Warner under 25, we rather hesitate to suggest these stocks at present levels of 30 and 40 respectively, although they still have good possibilities of going higher if held for the long pull. In the low-priced list, we are favorably inclined at the present time towards Callahan Zinc, selling around 6¾, as the zinc situation now appears very much improved. Another low-priced stock that looks good is American La France Fire Engine, selling around 11½ and paying $1. This company earned $1.80 in 1921 and the outlook is for better earnings this year. In the railroad list, we like St. Louis Southwestern preferred, selling around 44. Earnings of this road are showing up very well and the preferred stock is probably close to dividends.

MARLIN-ROCKWELL

Highly Speculative

Would like your opinion on two stocks I am carrying with my others that I do not think so very much of. Perhaps you think differently or can suggest some switch. The stocks are 25 Marlin-Rockwell, bought at 25, and 50 J. I. Case Plow, bought at 5⅛.—H. K. R., Washington, D. C.

The recent advance in the stock of Marlin-Rockwell Corp. has been due to settlement of a tax claim of the Government, whereby the corporation, it is reported, saved several millions of dollars in taxes. There is outstanding 68,145 shares of capital stock of no par value. There is no report of operations and the only information available is that as of Dec. 31, 1921; working capital was $860,000, but inventory account was $2,895,026 and probably losses will have to be taken on this.

This corporation was the outgrowth of munition manufacturing during the war period, since which time it has not been able to adjust its operations to normal commercial channels. Its principal department, and it has now been announced by the management that it will be its only business, is the manufacture of roller bearings, but inasmuch as it will meet very keen competition in that line, it is our opinion, from an intrinsic standpoint, that the stock is a rather uncertain speculation. Would favor selling this out on any little bulge from present levels of 16.

Competition in the harvesting machinery business is very keen at the present time and we do not see very good prospects for Case Plow. Favor a switch from this into Callahan Zinc, as we believe the latter stock to have better speculative possibilities.

MARKET STREET RAILWAY

San Francisco May Purchase

Will be pleased to have the expression of your opinion of Market Street Railway prior preferred stock.—A. K., Boston, Mass.

We are favorably impressed with the possibilities and outlook for Market St. Ry. Co.'s Prior Pfd. Stock. While of course earnings are not such as to cause any great degree of enthusiasm, yet the outlook

THREE ATTRACTIVE SECURITIES

Which Appear to be Selling Relatively Low in View of Financial Strength of Their Companies and Potential Earning Power

I would like you to select for me three medium-priced stocks which represent a good purchase at the present time, for holding say over the next nine months. To the writer's mind this would mean stocks which appear to be selling out of line when present price is compared with the financial position, present earnings and potential earnings.
H. R., New York City.

In our opinion, the three stocks described below are selling at a relatively low price in view of the financial condition, present earnings and outlook.

Missouri Pacific preferred has 20% back dividends due and is entitled to a 5% rate. This road is in very strong financial condition and has $14,000,000 cash and marketable securities on hand as per its last balance sheet. The report for 1921 has not yet been issued but it is understood that about 2% was earned on the preferred stock. In view of the general improved outlook for railroad earnings, it would appear likely that the dividend can be earned in the current year and in view of the fact that it is in such good financial condition, dividends appear quite close. At present levels of around 58, it appears to have very good possibilities of appreciating in value in the next nine months.

Worthington Pump 6% preferred "B," selling around 72, yielding about 8½% on the investment, has a working capital which alone is equal to about $100 per share on the preferred stock. Dividends are being paid on the common and the outlook is for improved earnings. Under these circumstances, the yield on this stock appears unduly high and we believe it should appreciate materially in value. While waiting for it to appreciate in value, you would be getting a handsome return on your investment.

American Can has earned close to $50 a share on the common stock in the past several years and paid out nothing in dividends. In spite of the fact that 1921 was a very bad year for the canning industry, the company instead of taking losses, as so many companies did, was able to report about 2% earned on the common stock. Its working capital has now grown to $30,000,000 and with the outlook for much better business this year, it would appear that dividends must be close at hand. From the steady nature of this company's business we should say that once dividends are started they should be maintained and perhaps in years to come considerably increased.

for all public utilities is much more favorable than it has been for several years, resulting in considerably lower operating costs. The main speculative feature in connection with the matter, however, is the negotiation between the City of San Francisco, which desires to purchase the properties from the owners. It is reported that commissioners appointed by the city have arrived at a tentative value of $35,000,000 for the properties and would recommend the purchase at that figure. This would have to be approved by the company and also by the citizens at a special election for the purpose of authorizing bonds. It is anticipated, if the deal goes through, the city will pay cash sufficient to take up the bonds and the balance in installments, with interest at 5%. Inasmuch as there are only $14,000,000 bonds outstanding ahead of the prior preferred stock, successful confirmation of the proposition would give the Market St. Ry. Prior Pfd. the equivalent value of a San Francisco City 5% bond. Of course, this view is very optimistic, and the old adage of "There is many a slip" quite appropriate. However, we think the prospect sufficiently encouraging, together with the better earning position of the Market St. Ry. itself, to warrant holding the stock.

ASSOCIATED DRY GOODS

Earnings Have Improved

I note that Associated Dry Goods pays $4 in dividends and at present price of 56 this gives a good return. Would appreciate a little information about the company and how you regard the stock.—C. G. J., Trenton, N. J.

Associated Dry Goods Co. made a remarkably fine showing for 1921, and earned 10.26% on the common stock. Lord & Taylor during that year paid off the remaining $600,000 of the debenture bonds, which indebtedness was originally $5,000,000, and furthermore, paid 12% dividends on their first pfd. stock, of which Asso. Dry Goods owns 14,064 shares. It also owns 15,338 shares of 2nd pfd. stock and 24,432 shares of common stock of Lord & Taylor, and in the current year still larger dividends are expected from this company.

We believe, therefore, that there is good reason to expect that earnings will continue to be favorable and regard the common stock as having very good possibilities of appreciating further in value. It is in good financial condition, with a working capital of $500,000, which is ample, as it is only a holding, not an operating company.

$30,000 TO INVEST

In Bonds and Stocks

I have $30,000 to invest. Should like to distribute between industrials and public utility stocks and bonds, to hold for the long pull. Can assume a certain amount of risk and would like securities that have a good chance of appreciating in value.—Y. R., Pueblo, Colo.

For the investment of $30,000 in industrial and public utility stocks and bonds for the long pull, we are pleased to offer the following suggestions.

Bonds	Price	Yield
Sinclair Consol. 1st Lien 7s, due 1937	98	7.22%
Chile Copper 5s, due 1932	86	8.00%
Amer. Writing Paper, 6s, due 1939	82	7.90%
Wilson & Co. conv. 7½s, due 1931	102	7.20%
Interboro Rapid Transit 5s, due 1966	64	8.10%

(*Continued on page* 945)

Industrial ***Oil*** ***Mining***

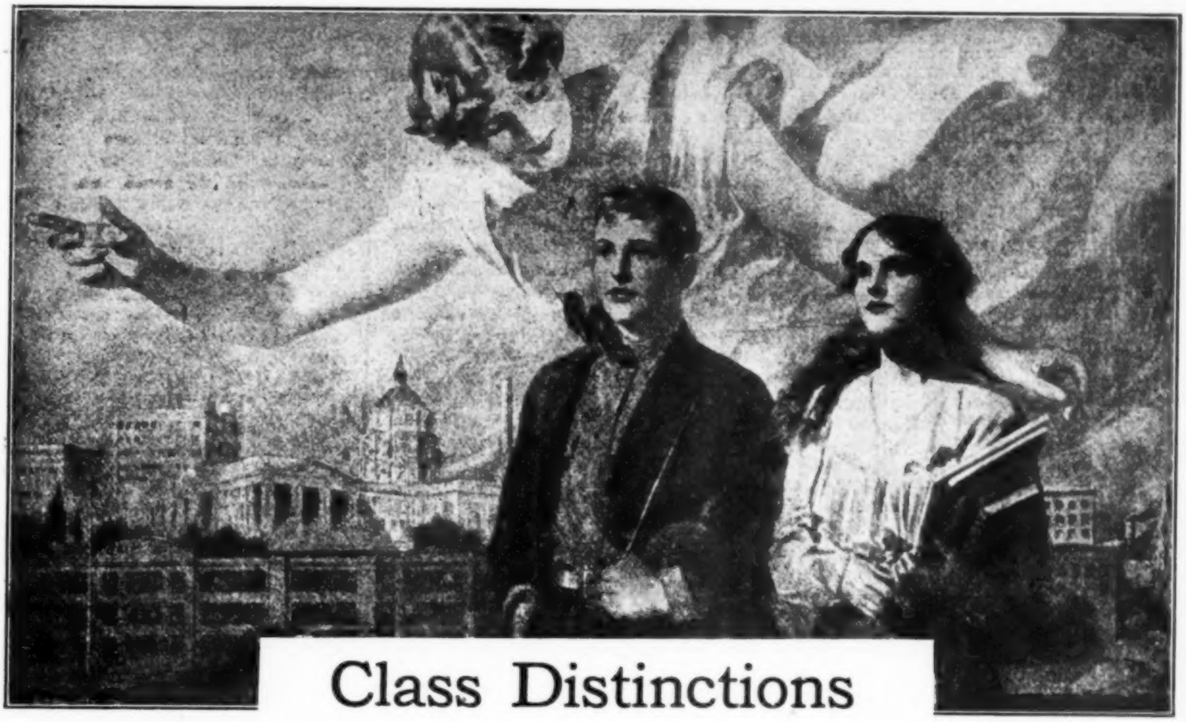
Investors' Indicator

Current Earnings—Dividends—Working Capital

	Dollars Earned Per Share in 1921						Present Dividend Rate†	Recent Price	Yield on Recent Price %	Remarks
Industrials—	First Quar.	Second Quar.	Third Quar.	Fourth Quar.	Six Months	Twelve Months				
Allis-Chalmers	1.89	1.34	0.51	0.37	....	4.11	4	48	8.3	Working capital, $24,000,000.
American Can com	....	....	....	....	....	2.76	....	47	....	Working capital, $29,750,000.
Amer. Druggists' Syndicate	....	....	....	....	def.	def.	....	6	....	1921 deficit, $883,568.
Amer. Hide & Leather pfd.	def.	2.00	1.60	1.65	....	def.	....	68	....	1921 deficit, $550,257. Working capital $5,000,000.
Amer. Locomotive com	....	....	....	....	12.10	*13.34	6	113	5.3	Working capital, about $42,000,000.
Baldwin Locomotive	....	....	....	....	....	18.22	7	115	6.1	Working capital, $41,790,000.
Butterick Co.	....	....	....	....	3.99	*5.23	....	28	....	Working capital, $3,000,000.
Central Leather	def.	def.	def.	surp.	def.	def.	....	38	....	1921 deficit, $11,651,425.
Coca Cola	0.90	1.90	2.20	....	....	*3.29	4	52	7.7	Now operating on low priced sugar.
Colorado Fuel & Iron	1.59	def.	def.	....	....	def.	....	30	....	1921 deficit, $2,731,172, after inventory adjustment.
Consolidated Textile	....	....	....	....	def.	def.	....	13	....	Six months' deficit, $673,777; 12 months' deficit $757,058.
Corn Products com	1.70	1.88	3.96	....	....	9.21	6	103	5.8	Working capital, about $35,000,000.
Endicott Johnson	....	....	....	....	4.29	10.79	5	84	5.9	Working capital, $19,000,000.
Famous Players	6.42	6.60	4.42	....	....	19.01	8	80	10.0	Working capital, $10,800,000.
General Motors	....	....	....	....	0.31	def.	....	12	....	Deficit for 1921, $38,680,770, after deducting $44,465,552 inventory loss and special reserves.
Gulf States Steel	....	....	....	....	....	def.	....	80	....	12 months' deficit, $731,915.
Mack Truck com	def.	0.89	def.	....	....	def.	....	37	....	12 months' deficit, after preferred dividend ends, $1,009,686.
Lackawanna Steel	0.01	def.	def.	....	def.	def.	....	53	....	12 months' deficit, $3,384,877.
Pierce Arrow pfd	def.	def.	def.	....	def.	*def.	....	45	....	12 months' deficit, $8,963,712.
Republic Iron & Steel com.	def.	def.	def.	....	def.	def.	....	55	....	12 months' deficit, $7,415,000.
Stewart-Warner	....	....	....	....	....	2.19	2	42	4.8	Working capital, $6,000,000.
Stromberg Carburetor	....	....	....	....	0.68	1.08	....	53	....	Working capital, $1,000,000.
Studebaker com	3.23	6.83	5.15	....	....	16.10	7	117	6.0	Working capital, $30,000,000.
U. S. Steel com	1.80	0.35	def.	0.21	....	2.24	5	97	5.1	Working capital, over $500,000,000.
Vanadium	....	....	....	....	def.	def.	....	41	....	12 months' deficit, $427,546.
Oils—										
Caddo Central	....	....	....	....	def.	def.	....	13	....	12 months' deficit, $553,246.
California Petroleum	3.72	4.07	1.63	....	....	11.45	....	55	....	Working capital, $2,650,000.
Cosden & Co.	....	....	....	....	2.71	....	2.50	40	6.2	Earnings before depreciation.
General Asphalt	....	....	....	....	def.	....	....	62	....	Six months' deficit, $911,557. Working capital, $2,850,000.
Houston Oil	3.00	0.89	0.90	....	....	‡10.4	....	78	....	Working capital, $4,350,000.
Island Oil	0.53	0.02	0.06	....	....	....	....	1	....	In receivership.
Mexican Petroleum	....	....	....	....	17.50	....	12	129	9.2	Net current assets, $14,000,000.
Middle States Oil	....	....	....	....	2.06	4.15	1.20	15	8.0	Earnings before depreciation or depletion.
Pacific Oil	1.43	1.42	0.94	....	....	....	3	57	5.3	Earnings after depreciation.
Pan-American A	....	....	....	....	6.07	....	6	63	9.5	Owns 70.5% of Mex. Pet. com. and 75.2% pref.
Pierce Oil com	....	....	....	....	def.	....	....	9	....	Six months' deficit, $2,348,133.
Sinclair Consol	....	....	....	....	0.60	....	....	31	....	Net current assets, $50,000,000.
White Oil	....	....	....	....	0.37	def.	....	10	....	12 months' deficit $2,543,026 after deducting $2,746,447, depletion, depreciation, etc.
Mining—										
American Smelting com	....	....	....	....	def.	def.	....	57	....	Six months' deficit, $3,203,966; 12 months' deficit, $2,576,135.
American Zinc pfd	def.	def.	def.	....	def.	def.	....	43	....	12 months' deficit, $260,101.
Chino	....	....	....	....	def.	....	....	29	....	Six months' deficit, $357,746.
International Nickel	def.	def.	def.	....	....	....	....	17	....	Deficit 9 mos. ending Dec. 31, $1,042,745.
Nevada Consolidated	def.	def.	....	....	def.	....	....	17	....	Six months' deficit, $285,492.
Ray Consolidated	def.	def.	....	....	def.	....	....	17	....	Six months' deficit, $551,505.
Utah Copper	def.	def.	....	....	def.	....	2	66	3.0	Six months' deficit, $534,057, before com. dividends.

† Dividend rate given covers regular declared dividends on yearly basis. Extra or stock dividends are indicated in foot notes.
* After depreciation, taxes and inventory adjustments, etc.
‡ After deducting $1,034,542 for depletion of oil lands and not including payments made by Kirby Lumber Co., which is 1920 were $1,171,875, equal to 4.5% on common.

Building Your Future Income



Class Distinctions

THE Old Timer has a new theory. He writes:

"People like to think that there are no class distinctions in the American social system. They like to think that the roughest, dirtiest sand-digger, irrespective of manners, breeding and education, merits a place at the dinner table with the most refined and cultured families in the country. They like to think that, just as we're all born equal, we continue equal, and that whatever is good enough for one group is not a bit too good for another.

"People may be right. I'm not arguing that question.

"What I want to state is that, notwithstanding the class distinctions that may or may not exist elsewhere, there **are** class distinctions in the financial system—and very sharp drawn distinctions at that. Furthermore, the sooner people accept these distinctions, the better it will be for us all.

"The distinctions in the financial systems are as follows:

I. Those who are not qualified to handle their own funds.

II. Those who are qualified, but who should confine themselves to the safest investments.

III. Those who can afford to take some risk.

"Reading over that list, you may be tempted to say: 'Oh, why bring that up? Everybody knows about those distinctions!'

"Well, you may be right. Everybody **may** know about them. But, by the lord Harry, they don't appear to.

"Widows and orphans, the ones in Group No. 1, are still being lelft with large sums of money to handle—and are handling them in typical widow and orphan fashion—placing them in the rottenest sort of come-on paper, printed for the purpose by some sagacious fellows, with headquarters in distant cities. People like this ought to receive bequests in the form of trust funds.

"Otherwise intelligent people—those in Group No. II, who are qualified to handle their funds, are repudiating the privilege, misusing it in the most scandalous fashion. Fellows with one or two thousand dollars saved up, just enough salary to get along on, fair prospects—but not glowing prospects—are planting the bulk of their money in meteoric common stocks, selected at random, instead of in the highest grade investments. They're going to lose—they're bound to lose—; there's nothing on earth to stop them losing, considering the way they're going about it.

"On the other hand, there are people that belong to Group Number III who can afford to take some risk, and won't. To a degree, they are making a mistake themselves. They are forfeiting profits they might have.

"What ought to be done is to outline each one of these groups, give people something to show, at a glance, what class they belong in, and beg them to act accordingly. Here's a rough starter:

CLASS I

Members: All dependents and others who have not made a serious study of securities.

Procedure: Invest in savings bank accounts; U. S. Government bonds; Building & Loan certificates, etc.

* * *

CLASS II

Members: All salaried workers whose liquid capital is below $5,000 and who are not earning a wide margin over expenses.

Procedure: Invest at least four-fifths of capital in highest grade bonds and stocks. Buy all securities outright or on a payment plan that will be easy to live up to.

CLASS III

Members: Only those whose insurance is ample, whose savings are well in the thousands and who earn expenses by a wide margin.

Procedure: Allot a set amount of time to study of securities and make a business of it.

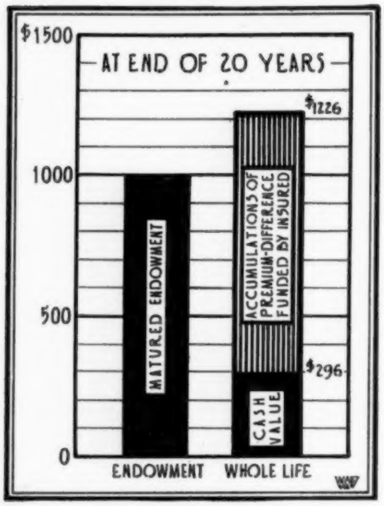
* * *

More on Life-Policies as Investments

Comparisons Between Straight Life and Endowment Policies—What the Figures Show

By ROBERT SAUNDERS DOWST

IN the last issue of THE MAGAZINE OF WALL STREET appeared a short article by the writer wherein it was pointed out that, **dollar-for-dollar of premium-expense the whole or straight life policy is superior, as a strict investment, to the endowment policy.** Due recognition was accorded the endowment policy as a means of inducing regular



saving by one otherwise incapable of it, but it was shown that, **by taking out a straight life policy in the same amount as a contemplated endowment, by funding the difference between the lower straight life and the higher endowment premium, and by surrendering the straight life policy at the end of the contemplated endowment term for its then cash value, a greater accumulation can be obtained than by taking out an endowment policy and holding it for the same period, to maturity.**

For the Figures

That article was developed theoretically from a consideration of the difference between the two types of policy as insurance contracts because in that way more light would be shed upon the general subject of life insurance. It was pointed out that an endowment policy is essentially a term policy, plus a savings bank feature through exaction of an extra over the normal term premium for accumulation by the insurer during the life of the policy, to make it mature at the end of the term, when its insurance-values, plus the amount of extra premium accumulations, funded at a low rate, would equal its face, and that, on account of the lower insurance-values of a term policy, in comparison with a whole life, and on account of the low rate at which the extra premium is funded, the accumulation in all cases must be less rapid than insured himself may effect by taking a straight life policy, letting its higher insurance-values accumulate, and himself funding the extra premium of an endowment policy of the same amount at the higher rate of interest he can easily realize.

So much for the theory, recapitulated; now for the figures:

In the first place, in a comparison such as I propose to draw, it is not quite fair to the straight life policy to assume that the difference in premiums between it and an endowment policy which the holder is to fund himself is merely the difference between the straight life premium and the endowment premium. This because the endowment policy is essentially a term policy, and, to make the protection-factor equal in the comparison, the difference in premium for funding and accumulation by insured should be that between the endowment premium and the premium for a term policy of like period. However, the normal buyer of insurance is not interested in term policies as such at all, and the point just alluded to may be ignored.

Costs

At age 32—an average insuring age, probably—a 20-year endowment policy issued by one representative company costs about $49 per $1,000; a whole or straight life policy at the same age costs about $24 per $1,000. The difference is about $25. **Now, if the straight life policy is taken by any individual instead of the endowment, and he pays the annual premium of $24 and himself invests the difference between that and the endowment premium of $49, or $25, annually at 6%, and continues to do so for 20 years, the term of the endowment policy, he will have more money than if he had taken out the endowment policy and received its matured value of $1,000 at the end of the term.** How? In this way: At the end of 20 years the whole life policy, according to the particular company's figures, will have a cash or surrender value of $296, while insured's premium-difference fund, $25 yearly for 20 years at 6%, will equal $930, a total of $1,226, $226 more than the endowment policy matured for $1,000.

Moreover, the individual who takes the straight life policy and himself accumulates the difference in premium between that and an endowment policy, will have the privilege of access to such accumulated funds during the term in case of any emergency, while—a point not to be ignored—he has a whole life policy, and if he so desires, or his case requires, at the end of twenty years he need not surrender the policy but may continue its protection by paying the premium, much less than the annual income on his premium-difference accumulations of $930, which, at 6%, would be $55.80, as against a premium of only $24 substantially reduced by dividends. The holder of an endowment policy automatically loses his protection on maturity, though, of course, he receives the cash. And cash and protection are not quite the same thing.

> ***Are You Using the Insurance Department***
>
> **IN every issue of The Magazine of Wall Street there appears a practical value article on insurance. The accompanying article, by Mr. Dowst, analyzes investment aspects of different policies. The next issue will contain another timely article by Mrs. F. P. Clarendon, a recognized authority in the field and a frequent contributor to these columns.**
>
> **There is also an inquiry service attached to the Department which dozens of readers have found useful.**
>
> **Whatever your insurance problems are, this Department is equipped, and anxious, to help you solve them. When writing, address the Insurance Editor.**

Picturing the Results

The figures here given are based on initial premiums, and would be somewhat, but not substantially, falsified by varying dividend rates on the two policies, which, being contingent, cannot be incorporated, in my comparison. The accompanying graph visualizes the whole matter. It should be noted that the solid black area representing the $1,000 value of the matured endowment policy is really made up of two elements, (1) insurance-values and (2) accumulated extra premiums exacted for funding, and that the insurance-values are substantially less than in the case of the whole life policy's, represented at their minimum of surrender value by the black area on that side of the graph.

"I Can't Save Money!"

"Not Enough, That Is, to Be Worth While"

That's the way some people talk.
But they're all wrong.
Small expenses reach surprising proportions in a year's time.
For example:

2 10c cigars a day	$73.00 per year
2 25c movies a week	26.00 per year
10c worth of candy a day	36.50 per year
1 15c ice cream soda a day	54.75 per year
4 pool games a night	73.00 per year

Fixing Your Building Costs

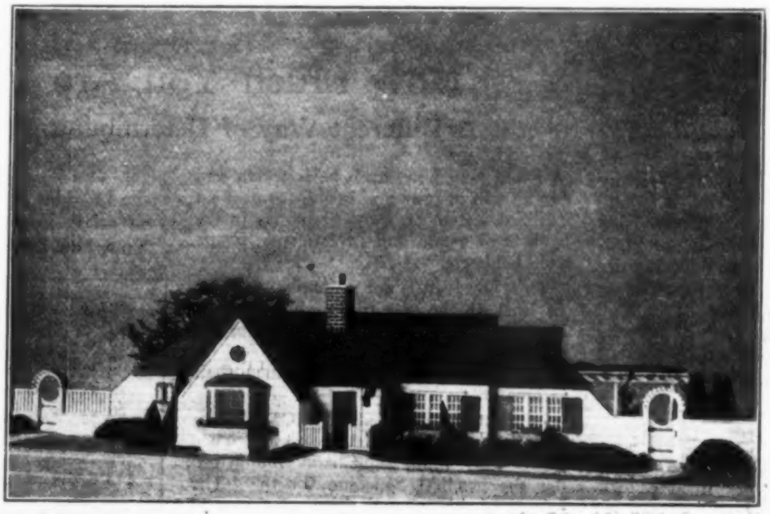
A Suggestion to Home-Builders Who Wish to Keep Within Their Budget

JUDGING from the letters received by this department, intending home builders consider uncertainty as to the ultimate cost of a home one of the chief reasons for not going ahead with their projects. The point is brought up time and time again, "your analyses of how to finance a home are helpful, but how are we going to be sure that construction expenses won't exceed the budgets set?"

With the idea of meeting this objection, the Department set out a while ago on a hunt for a builder who had a design ready of a house he would undertake to build at a stated cost. The accompanying pictures show one of the results of the search — the pictures being of a model house designed by the Patterson-King Corporation, which house, within a given radius, the builders undertake to erect for a flat stated sum.

Specifications

A brief summary of the specifications of this house may be to the point. The plans call for a well-proportioned living-room of generous size, with fire-place and built-in bookcases. There are two master bedrooms, with ample closet space, connecting bath, and light and air on both sides. The living-porch is enclosed. The dining-room has a built-in sideboard, with two china-closets. Maid's room is equipped with toilet and shower bath, and is entirely separate from the rest of the house. The laundry is in the cellar. An important feature is that the builders have provided for three alternate exterior designs, which can be had on the same floor plan, namely: English, Brick Colonial and Italian. Thus, neighbors could benefit from the economy of the standardized plan without duplication of the exterior design. The minimum plot size required for the house as shown is 75 feet front by 100 feet deep.



To Cost $15,000 Complete

Discussing the cost of this home, Mr. King had the following to say to the MAGAZINE:

"In order to eliminate any question as to the ultimate cost, we have set a price of $15,000 on the building, complete with shades, screen decorations and lighting fixtures, ready for occupancy. The only possible extra cost which could confront an owner would be that for grading and landscaping the ground. Our construction service on this house is available to any owner living within a radius of 75 to 100 miles of New York City, and we are equipped to completely construct the house within a period of fourteen weeks."

Financing Your Home

Regarding the financing of this particular home, it is interesting to note that the builders are willing and prepared to co-operate with clients in securing financial aid, to enable them to secure the "Salem Cottage," as it is called, with a minimum cash investment.

For those who may prefer following the Building & Loan method of financing, the following summary of the program, as outlined by the Franklin Society of New York, will be found of interest:

Home building loans are made on a plan whereby the borrower makes repayment of $10 per month per $1,000, covering principal and interest. In exceptional cases, $7.50 per $1,000 can be arranged for.

Interest is at the rate of 6% per annum, deducted from the monthly payments, and calculated only upon the amount of principal remaining due upon the first day of each month. In other words, a new principal is created every month, on which interest is charged.

It is shown that, based upon payments of $10 per month, a loan of $1,000 can be paid off in a little less than 11 years and 7 months.

Figuring out the cost of money borrowed according to this plan, the Franklin Society notes:

"It may be seen that the borrower of $1,000 wipes out his mortgage debt in 11 years and less than 7 months, if he pays $10 a month for 138 months, and $7.79 the 139th month—a total of $1,387.79, principal and interest. His total interest payment is, therefore, $387.79. If he borrowed this money upon straight mortgage from a savings bank, at even 4%, which is impossible, he would have paid in interest $463, and principal $1,000, a total of $1,463. Even at 3½% the loan in the end would cost him $1,405 and a fraction. Of course, the borrower may, if he desires, pay more than $10 per month upon each thousand dollars of his loan, and in some cases the Society will accept payments as low as $7.50 per month per $1,000. Thus, the borrower will pay off his loan in a shorter or longer period than 139 months, according to the amount of his instalments, and instead of having a bundle of 139 rent receipts, he will have paid for his home."

What is Your Problem?

The Home Building Department repeats that it is anxious to serve wherever possible in matters regarding construction and financing of homes

One reader, in recently acknowledging advices tendered him, has unconsciously outlined the function of the department. He says: "Most of the home builders do not have a comprehensive knowledge of the things required of them. A good many more simply allow themselves to be guided by incomplete comparisons and statements of others." The Home Building Department attempts to make this sort of procedure unnecessary.

Have You $1200 to Invest?

Here is a List of $100-Bonds Offering Safety and Income—Why These Bonds Are Popular

IT is a poor husbandman who allows his surplus funds, no matter how small they may be, to lie idle and unproductive in a checking account or a safe deposit box.

It is an equally poor husbandman who deludes himself into thinking that he is putting his money to work properly when he places it in highly uncertain enterprises, questionable collateral loans, etc., etc.

The wise husbandman of to-day gets his living expenses in hand—maps out his mode of living (no matter what it may cost him in friendships, social prestige—whatever that may be—and the like), so that he has to spend a little less each week than he earns.

The surplus which he thus collects, the wise husbandman "farms out" in three different lots. One lot goes for insurance, the *sine qua non*, the basic essential of any well-ordered financial career, the same sort of precaution and protection against the elements, investment-wise, that four walls and a roof are against the elements of wind, rain and storm.

The second lot of the wise husbandman's money goes, automatically, into the building up of a bank account—a sort of "quick reserve," an assurance that the unexpected incidentals, which people have learned to confidently expect, may be met without setting financial plans askew.

The third lot of the wise husbandman's money goes into investment, of one sort or another. It may be into real estate mortgages—the actual mortgages, that is; or it may be into business paper; or perhaps into guaranteed mortgage bonds, farm loan bonds, savings stamps, building and loan shares, or any one of the hundred other different investment fields.

All of the investment fields here mentioned are fertile and productive and offer possibilities of varying sorts to the new investor. Those who are familiar with and experienced in the business, however, realize that investments of this stripe are notable chiefly for the element of safety they offer. They do not offer much in the way of income return.

Since it is, or should be, in the very nature of a good husbandman to place his funds at the very best possible advantage to himself, the search for investment mediums widens from the typical groups noted above, and extends into the security field.

Here it is found that, with provision made for sagacity, understanding and balanced judgment, the best opportunities exist for putting idle funds to work, or putting money out at interest.

And, in this field, the type of security which seems best adapted to the average husbandman's requirements, is the $100-bond.

$100 Bonds

The issuing of $100-bonds, "baby bonds," as they have come to be known, received its greatest impetus during the war. One outstanding factor made them popular, both from the standpoint of underwriting syndicates as well as from that of the individual investor. That was the fact that the U. S. Government, forced to cater to every man with a few dollars in his pocket to insure the success of its Liberty and Victory Bonds, issued these bonds in denominations within the poor man's reach; and the further fact that, once the bonds were put within their reach, an army of 20 million "poor" men suddenly appeared out of nowhere and oversubscribed every offering.

Underwriting syndicates, duly impressed with the discovery of this vast absorptive market—capable as it was of absorbing billions of dollars' worth of bonds—decided that they, too, would cater to the same market. And the 20 million poor men, many of them counting Liberty bonds the first investment of their careers, were found to be ready and waiting for more of the same thing.

As a result, persons with only a few hundred dollars to invest to-day find that, through the purchase of $100-bonds, they can become creditors of many of the highest type railroads, manufacturing companies, public utilities and industrial companies that there are.

Not All Good

It is not to be supposed, of course, that all $100-bonds are safe. Like all other investments down to investments, even in Mother Earth herself, there are good $100-bonds and others not so good. The wise husbandman who buys into securities of this kind will have reason to congratulate himself later on if he picks and chooses from among the available issues with care and discretion.

Fortunately, a number of "service stations" are to be found where sound advice on $100-bonds may be obtained. The famous "Bond Buyers' Guide," published every issue in THE MAGAZINE OF WALL STREET, offers a prolific source of advice and suggestion concerning bonds of this sort. Then, too, a number of the largest and most trustworthy banking and brokerage houses have equipped entire departments, whose sole purpose is to supply information concerning this field. Some of the newspapers publish lists, regularly, of available $100-bonds, although the issues mentioned here are not generally rated and might be found confusing by newer investors.

A Few Specimens

As a means of assisting those who may wish to include a group of $100-bonds in their investment plan at once, a group of desirable issues has been compiled and is presented herewith.

	Maturity	Price	Yield
N. Y. Central Railroad			
Chicago Burlington & refdg. 5s	2018	95	5.25%
Quincy 5s	1971	98	5.11
N. Y. Central deb. 6s	1935	105	5.08
Northern Pacific 3s	2047	64	5.02
Bethlehem Steel 1st 5s	1942	96	5.30
E. I. du Pont 7½s	1931	106	6.62
American Smelting and Ref. 5s	1947	91½	5.65
Western Electric 7s	1925	110	3.45
United Kingdom Gt. B. & Ireland 5½s	1929	108	4.14
Amer. Tel. & Tel. 6s	1925	115	
Montana Power 5s	1943	96	5.35
Northwestern Bell Tel. 7s	1941	108	6.30

It will be seen, after a little study of the list, that the group of 12 bonds here shown represents almost as many different types of concerns. Thus, the list, just as it stands, offers that diversification—that distributed risk—which experience has proven to be so necessary to any well-ordered investment program.

It will be further noted that the list includes nothing of a speculative nature, although some of the bonds, of course, are better than the others.

In fact, going over the list again ourselves, this department is tempted to suggest that any man anxious to invest about $1200 in securities would have to look far and study hard to map himself out a program that was, at once, more productive and safe than this one.

How Much You Are Worth

A Different Way of Determining Your Value

ASK a man how much he is worth and he will answer you in the form of an itemized statement, showing money in the bank, real estate and investments, insurance held, etc.

This, however, is not a complete answer. At least, in the case of salaried workers. For salary workers are *income producers;* and to their actual tangible worth, in dollars and cents, must be added their income-producing worth.

Look at the attached table. Find your approximate weekly salary on it. Then glance over at the right-hand column under the heading, "Income Worth." The figures in this column show what investment, at 6%, it would be necessary to make in order to produce the amount of your salary in the form of income.

Now, how much are you worth?

Weekly Salary	Income Worth
$15	$13,000
35	30,000
40	34,000
50	43,000
75	65,000
100	86,000
115	100,000

Points for Income Builders

Financial Terms and Investments Methods and Markets Defined

Trading in Unlisted Securities

There is a vast market for securities which is poorly understood and little appreciated by the average investor. That is the market for "unlisted" securities. Knowledge of this market, familiarity with its machinery, is worth while, since it serves to put investors in touch with some of the best investment opportunities that there are.

"Unlisted" securities are dealt in on an old-fashioned "shopping" basis, by hundreds of brokerage and investment banking houses scattered throughout the land. Some of the best known firms in the country—firms that have been unearthing productive investments for their customers for years, and which have never become members of any stock exchange—engage in this market.

Transactions are effected by wire, telephone or, as sometimes, by letter. Each transaction is nothing more nor less than a deal, with the broker acting as the intermediary.

Necessity of proceeding according to this method lies in the fact that the securities dealt in have no control market, such as the stock exchange. Their owners are scattered through the country. The broker has to communicate with many different individuals in order to locate the one who will accept his bid, or take his offer.

Cost of brokerage in such transactions as these is often put on a net basis. That is, after an order to buy, or sell, a given lot of stock has been effected, the cost of transacting the order, considered together with the price obtained, is totalled up. Then the charge to the customer is figured out.

This market is often referred to as the "over-the-counter" market, for apparent reasons. And those who are interested to know what sort of securities are handled in the market would do well to turn to the page of this magazine devoted to Over-the-Counter securities. It is seen that securities in some of the highest-type corporations in the world—Victor Talking Machine; Johns-Manville; Phelps, Dodge; Royal Baking Powder; Thompson Starrett, etc., etc.—are dealt in in this market. There are also a vast number of public utility securities (see the "Unlisted Utility Bond Index" in later pages), as well as bonds in strong corporations of other sorts.

There is nothing mysterious, weird or wonderful about this unlisted market, or the machinery it uses. The very same investment principles apply to it as to listing markets. It frequently offers better opportunities than better-known markets because the investing public does not follow its movements so carefully. Those willing to study the securities in it have a chance to get in "ahead of the mob."

Figuring "Book Value"

The "book value" of a stock, like asset value, earnings per share comparisons, and all the other accounting methods of determining a security's theoretical value, is often illusory and misleading.

Book value is arrived at by determining the corporation's undivided surplus and free reserves per share, adding thereto the original par value of the stock. Thus, the U. S. Steel Corporation as of December 31, 1921, had sundry reserves of \$163,932,521; an appropriated surplus of \$140,898,914, and an undivided surplus of \$508,926,958. The total of these items, divided by the number of shares, shows a total reserve and surplus of \$159 per share. Adding thereto the original par value of the stock, Steel's book value is set at \$259 per share.

The trouble with book value in the case of manufacturing companies and the like is that such concerns are of value chiefly as going concerns. As Albert W. Atwood has pointed out, "Book value means very little in the case of a manufacturing company, but it may mean a great deal in the case of a bank, a mine or an oil well. The book value of a steel plant may be anything. A steel plant is good only as a going, earning concern, and its earnings depend upon a thousand and one factors. Now, a bank, a mine or an oil well is naturally more valuable as a going concern than otherwise. Yet it is much easier to liquidate the stock than with a manufacturing company. A bank's resources are liquid or should be. It is possible at any given moment to say just what would be left if all depositors were paid off, all loans called in, and all investments liquidated."

The Partial Payment Plan

The partial payment plan is a method that was devised to enable small investors to purchase securities that they could not afford to buy outright. Misuse of the partial payment plan by bucket shops led to its discontinuance by many legitimate brokers. Now that the bucket shop system has been considerably curtailed, the payment plan is being taken up again by honest men.

The plan is simple enough. It provides for the purchase of stock on an initial payment whose size depends upon the selling price and character of the stock; and later payments at a certain rate per month, until the entire purchase price has been paid.

Does the plan really help? Well, figure it this way: A man with \$100 to invest can only afford to buy 1 share of stock outright. On the partial payment plan he would probably be able to buy 5 shares, or five times as many. For, assuming the stock he wanted to buy was selling around 80 or 90, he would probably not be required to make an initial payment of more than \$20 per share, which would be \$100 for 5 shares.

The payments required per month also vary with the stock selected. But, generally, they need not exceed \$5 per month per share.

Thus, if our investor buys stock selling at 90, and makes an initial payment of \$20 per share, he has \$70 still to pay, which amount can be met in 14 months by payments at the rate of \$5 a month.

Until the purchase price has been paid in, the broker charges 6% on the unpaid balance. The investor receives the dividends, or interest, from the security bought.

By the partial payment method, the investor constantly increases his equity in the security selected.

What Shall I Read?

A Course Mapped Out for a Beginner

By the LIBRARIAN

A READER of The Magazine of Wall Street has asked me to outline a course of reading for him. He says he wants books that go into the fundamentals of finance, but treat those fundamentals "plainly, simply, understandably."

The assumption is that this reader wants (1) an introduction to "investment economics"; (2) an explanation of financial market machinery; (3) an encyclopedia of Wall Street terms and definitions, and (4) an analysis of methods of trading and investing. At any rate, easily read books on those four subjects ought to be helpful to him.

This librarian would recommend the four books named in the attached table. Two of the books have been standard for many years—the *Investment Handbook* and *Money and Investments*. Nothing has yet appeared to supplant either one.

The Stock Market, by Dr. Huebner, bids fair to become "standard" in a short while. It is a lively, readable, understandable book, and deserves a place on every investor's shelves.

Mr. Wyckoff's new book, now off the press, is fully described in other pages of this Magazine. There is an interesting fact about it, however, that we haven't seen brought out elsewhere. That is the fact that the demand for the book exceeded the first edition before that edition could be gotten off the press.

A Course of Reading*

	Postpaid		Postpaid
Putnam's Investment Handbook By Albert W. Atwood.	\$1.95	Money and Investments By Montgomery Rollins.	\$3.10
The Stock Market By S. S. Huebner.	3.10	How I Trade and Invest in Stocks and Bonds By Richard D. Wyckoff.	5.10

*Obtainable direct from the publishers or through THE MAGAZINE OF WALL STREET.

Public Utilities

How Power Development Is Progressing in Western States

Accomplishments So Far in the Vast Program—Southern California Edison's Part in the Work

By RALPH RUSHMORE

MUCH has been written and much has been said about the development of the hydro-electric resources of this country, the possibilities that lie in harnessing our great rivers and falls, in damming up fast-flowing mountain streams, converting into useful hydro-electric energy the millions upon millions of horsepower which, in the past, have been ignored as a source of energy, diverting, where most needed, the billions of gallons of water that have been allowed to flow through into drenched valleys heretofore, leaving dry and unfertile vast tracts of potentially productive land.

For the major part of what has been actually done toward these ends, however, it is doubtful whether any group has accomplished more than the group of private corporations operating as utilities in the western states. Through the active efforts of such concerns as the Pacific Gas & Electric Co., the Southern California Edison Co., the Western Power Co., etc., great strides in the transformation of waterpower into electrical energy have been taken; and these concerns now have well under way additional projects calling for engineering feats, construction programs and property investments on a scale that literally staggers the imagination.

The facts as to the progress already made by these companies in the western states were brought out at the last Pacific Coast Industrial Conference—a conference arranged by the Pacific Coast Electrical Association, for the preservation of whose addresses and statistical data a debt is due the *Journal of Electricity & Western Industry*. It is seen that, among other accomplishments, hydro-electric development has produced for the West:

The greatest inter-connected system of power transmission lines in the world.

The largest concentrated block of electric power ever available for public use.

The highest per capita use of electricity of any community in the world.

The first long distance transmission line (20 miles, at 10,000 volts, from San Antonio to San Bernardino, California).

The highest voltage transmission ever attempted.

Progress Natural

That such great progress in this "new" industry should have been made in the West is not surprising. As has been pointed out by Mr. Robert Sibley, editor of the Journal referred to above, who is spoken of by President Miller, of Southern California Edison, as "one who has been of the greatest service" in carrying out the development of the Pacific Coast, the west abounds in swift mountain streams, now running idly to the sea, which are susceptible of harnessing in the beneficial production of hydro-electric power. California alone, according to Mr. Sibley, can produce nine million horsepower in this way, and "in the eleven western states lie 70% of the nation's undeveloped water power."

Also, "in the State of California, we don't have any great waterfalls, but we do have great gorges in the mountains, making it possible for us to create an artificial waterfall, as it were, by diverting this water, taking it out of the stream and around the mountain in a ditch at a grade less than the natural bed of the stream. Then, when we build a tunnel, say eight or ten miles long, we get a difference in elevation of as much as two, three or four thousand feet, making it possible to drop this water that distance."

What has already been done in the western states in this great field forms a record that is as impressive as it is voluminous. Perhaps the best summary would be that from data compiled by former Power Commissioner H. G. Butler, of the State of California, showing that the average horsepower used in California rose from 301,000 in 1913 to 549,000 in 1920; that, in the ten years from 1910 to 1920, there was an increase of $509,000,000, or 181% in the total investment in electric power installations in the western states; that kilowatt hours of electricity generated by public utilities increased by over five billion, or 235%; that the number of acres irrigated in California alone increased by 1,330,000, and the number of acres irrigated by pumping in California alone increased by 1,050,000, or 340%.

Estimates of what the future will hold for western power development are even more interesting than the records of the past. Thus, Mr. Butler believes, that in 1925 existing resources will be 175,000 horsepower short of requirements, even if all steam plants are used to the limit. In other words, the power companies of the State, if they are to meet needs in the future as great in proportion as those they have met in the past, must place in operation "two and two-thirds plants of the capacity of 66,000 horsepower each."

Remarkable as the prospects for hydro-electric development

MARBLE CANYON DAM SITE

On the Colorado River, where Southern Cal. Edison proposes to build a 500-foot dam that will impound 40 million acre-feet of water

are, it is not to be supposed that the western pioneers in this industry are allowing themselves to become over-enthusiastic, or indulging in wild fancies. On the contrary, the experiences of the past have been compiled and collated in minute detail, and plans for the future are being based, as far as possible, upon data limited to known facts.

Southern California Edison's Plans

As noted earlier in this article, one of the most active utility companies engaged in the huge enterprise of building up the hydro-electric resources of the Pacific Coast is the Southern California Edison Co.

Southern California Edison, as described by Vice-President Kemp (an article of whose appeared in the August 6th issue of THE MAGAZINE OF WALL STREET), can be said to have originated with the Redlands Electric Light & Power Co., which started in business in 1892; but it has always been considered that its inception was with the West Side Lighting Co., in 1895. From this small beginning, which represented, in the instance of the Redlands project, the first practical attempt at hydro-electric generating, and in the West Side Lighting Co., the establishment of an electrical market, demands for the service have grown "step by step, installation by installation, bungalow by bungalow, factory by factory, ranch by ranch, as motor reclaimed the desert, until the physical properties of the company have reached vast proportions."

Today Southern Edison is one of the largest and best-equipped hydro-electric utilities in the West. To give an idea of its scope:

Southern California Edison has nineteen water power plants, with a total capacity of 249,600 horsepower.

It has four steam plants, with a total capacity of 127,100 horsepower, making its total power plant capacity 376,700 horsepower.

Output from all the company's plants in 1921 totaled 1,183,139,641 kilowatt hours.

The sales made by the company during the 10 years, 1910-21, inclusive, are a significant record of its growth. During the period, the kilowatt hours sold for lighting rose from around 30 million on a steady line to just about 130 million. Kilowatt hours delivered for power purposes, however, climbed from about 143 million to over 200 million in the first six years of the period, while from 1916 to 1921, kilowatt hours delivered for power rose from about 225 million to the astonishing total of well over 900 million.

It is of interest to note the diversification of the company's business in 1921, and the changes in different lines as compared with the previous year. The detail of its connected load in horsepower (last three figures omitted) shows as in the accompanying table

It is noted that the company's total connected load, as itemized above, is 789-749 horsepower. Nevertheless, due to the diversity in its character, it has been served with a maximum simultaneous plant demand of only 319,679. According to President Miller, this diversity "arises from the alternating requirements of agricultural, industrial and domestic service, covering a broad domain reaching from the mountains to the sea, and it is also accounted for in part by the variety of seasonal service which, in so many respects, is peculiar to California."

Southern California Edison's Connected Load
(In Thousand H.P.)

	1921	1920
Lighting	282	248
Pumping Plants for Irrigation	146	140
Cement Mfg	22	22
Railway	100	101
Municipalities, resale	9	2
Municipalities, pumping, sewers, etc	13	9
Ice Making	4	5
Motion Picture Industry	6	3
Industrial Heating	1	4
Electric Cooking	26	24
Industrial & Misc	177	162

Plans for the Future

The future plans of the Southern California Edison indicate that the company will take a leading part in the great plan for developing the power resources of the Pacific Coast—a plan that is now generally referred to as the "super-power" plan.

A program has already been mapped out by the company contemplating the development of from 750,000 to 1,000,000 horsepower in the High Sierras and on the Kern River in Fresno and Kern counties. It has been estimated that the cost of this program, on the basis of the minimum development of 50,000 horsepower a year for 15 years, is $200,000,000, including distribution to consumers.

Even more extensive is the company's Colorado River program, which calls for the development of 2,500,000 horsepower of electric energy from the waters of the Colorado River and making it available in California, Utah, Arizona, Nevada, Colorado and Southern and Central California. The ultimate cost of the Colorado River project has been estimated at $800,000,000.

"The immensity of this project seems staggering to the imagination," President Miller was quoted as saying some months ago; while Vice-President R. H. Ballard, with an eye to expressing the project in understandable terms, says:

"The Colorado River power will create a reservoir holding some forty million acre-feet of water. It would take ten million men, drinking a quart of water a day, the time since Noah to drain the Colorado reservoir.

"In the matter of oil consumption," the Vice-President continues, "the power which may be developed from the Colorado River will substitute for ninety million barrels annually, and that very closely approximates the total oil production of the entire State of California. Incident to the development, water may be placed upon some two and a half million additional acres of land, which now are practically desert and non-productive, and some three hundred miles of river will be navigable."

During 1921, preliminary work of surveying in connection with the company's applications on the Colorado River has been vigorously prosecuted, according to President Miller, through a cooperative agreement with the U. S. Geological Survey and the Department of Commerce. The surveys have been completed and data from them is being worked up and will be made available during the coming year. In the meantime, the company's applications to the Federal Power Commission for permits have not been acted upon.

A commission, authorized by Act of Congress and known as the "Colorado River Commission," and composed of representatives of each of the seven states directly interested in the Colorado River, has been formed to agree upon an equitable division of the benefits of the Colorado River among the several states, having regard also for international obligations with Mexico in respect of irrigation and navigation.

Expansion Plans

Southern California Edison's directors have authorized expenditures of over $22,000,000 for additional water-power development, as well as extension of transmission and distributing system in the current year. In regard to expansion plans for the latter future, the President of the company states:

"The company's generating plants on Big Creek at the present time consist of three large water-power plants with a total installed capacity of 14,000 horsepower. This is a little more than 10% of the ultimate possible development on this river, which is capable in its final development of producing 1,250,000 horsepower. This great available supply of water power is being developed as needed in the territory served. Its development is of paramount importance to the continued growth of southern and central California, by reason of the fact that there is no other source of cheap water power immediately available to meet the needs of the present and near future. Ultimately, the Colorado River will be made available as an additional source of power supply, but for the present the developments on the San Joaquin River and Big Creek are the only sources of cheap power available.

"Early in 1923, Big Creek Power Plant No. 3, which will have an initial installed capacity of 65,000 horsepower, will be completed. Located on the main branch of the San Joaquin River, a little over five miles below Big Creek Power House No. 8, the new plant will use the water from San Joaquin River and Big Creek through a total fall of 855 feet. Water will be diverted from the main river by a dam 125 feet in height, and will be conducted to the plant through a tunnel line 30,000 feet in length and 21 feet square, which is being blasted through the solid granite of the mountain formation. With the completion of this plant, the water from Huntington Lake will be used through four plants in series under a total aggregate fall of 5,574 feet. Final plans for this power house call for six generating units, and a total capacity of 200,000 horsepower."

Disentangling the Interborough System

Management Views the Future With Greater Optimism—Bonds in Improved Position—Speculative Possibilties of the Int. Met. 4½s

By PALMER CLINGMAN

THE Interborough situation is marked by a great diversity in the points of view of the several interests who are directly concerned in its outcome. On the one hand we have the Interborough Rapid Transit Company, the operating company, which has been very close to a receivership for several years. Next we have a holding company, the Interborough Consolidated Corporation, now in receivership, which owns nearly all of the Interborough Rapid Transit Company's stock, also stock of the N. Y. Railway's and other companies, all of which are in receivership. Then again, we have the Manhattan Elevated Railway Company, which owns an elevated system in New York City that is leased to the Interborough Rapid Transit Company. Added to these three parties, we have the City of New York, represented, first, by the riding public and taxpayers; second, by the local Tammany organization, and third, by a Republican state administration.

As is well known, during the war years the Interborough Rapid Transit Company ran into a scale of operating costs which reduced its net income to such an extent that it was no longer possible to pay dividends on its stock, for its income was limited by a five-cent fare. As a consequence, the Interborough Consolidated Corporation was without income, and was thereby forced to stop interest payments on its issue of collateral bonds, known as the Interborough-Metropolitan 4½s. Until recently no action has been taken by the holders of these bonds to foreclose on their collateral, and the management of the Interborough has continued under the same directorate as heretofore.

Recent Difficulties

The Interborough Rapid Transit Company barely escaped receivership this last year upon the maturing of an issue of notes, amounting to $39,000,000, which it had outstanding. The majority of these notes have been extended at an increased interest rate, and, for the time being, this danger is removed. Its most recent difficulty was its obligation to pay 7 per cent on $60,000,000 capital stock of the Manhattan Railway Company, in addition to interest on that company's bonds and taxes on its properties, all as rental under its contract with the Manhattan Company. The dividends for the January rental were not paid and receivership again seemed unavoidable, but, after ninety days of grace had elapsed, arrangements were finally made through the aid of Judge Mayer of the Federal Court reducing the Manhattan rental from 7 per cent as heretofore to 3 per cent for the current year, 4 per cent for the coming year, and 5 per cent thereafter, it being stipulated that the Interborough Rapid Transit Company would, after 4 per cent was earned on its stock, share pro rata with the Manhattan Company all surplus earnings until dividends of 7 per cent could again be paid on the Manhattan Company's stock. This arrangement has to be approved by the stockholders of both companies before it can be declared operative. The 5 per cent bondholders are also to be asked to waive the sinking fund on their bonds for five years.

Plan for Readjustment

Temporarily, at least, the difficulties of the Interborough as regards the Manhattan Company are out of the way, as apparently the plan will be accepted. It now remains for the Interborough management to appease the holders of the Interborough-Metropolitan 4½s and also to provide a service which will be satisfactory to the Transit Commission appointed by the Republican Governor. The holders of the Interborough-Metropolitan 4½s have announced their intention of foreclosing on their collateral of Interborough Rapid Transit stock. That has been brought about because, for its present financing, the Interborough Rapid Transit needs to raise $7,000,000 cash and this will devolve upon the Rapid Transit Company's stockholders, or, the holding company, the Interborough Consolidated Corporation, or the Metropolitan Bondholders to provide this money, receiving therefor a new issue of notes. It is obviously to the advantage of the bondholders to act at this time in conserving their interest in the Interborough's property, and it is not unlikely that the foreclosure will be carried through necessitating a ten per cent assessment on the par value of Interborough-Metropolitan bonds, or else an unexpected advance will be made by the Interborough Consolidated Company's stockholders in order to protect their equity, should this be considered worth while. It is rumored that the principal holders of both the bonds and stocks are identical and that the foreclosure will be a "friendly" one.

Valuation

The valuation of both the Interborough Rapid Transit and Manhattan Elevated Railway properties, prepared by the Transit Commission, is at great variance with the book values and appraised estimates prepared by the companies themselves. It is yet too soon to foresee clearly whether the Transit Commission will succeed in establishing its valuation as a basis upon which future earnings should be gauged, or whether the Interborough will be able to prove a greater property value than has been allowed, the same being true for the Manhattan Railway Company, which, it should be noted, has not been allowed any valuation on the easements which it acquired during its construction. Probably the Commission's figures are more nearly correct.

It was generally believed that the Republican Governor and the Transit Commission appointed by him would not be unfriendly to the traction companies in New York City at the time of their appointment. Since then, however, the local regime has succeeded in the reelection of Mayor Hylan. His expressed antagonism

(*Continued on page* 946)

SECURITIES OF INTERBOROUGH RAPID TRANSIT CO. AND ASSOCIATED COMPANIES

Issue	Outstanding	Price	Market Value	Book Value	Commission Value	Market Position
Int. Rapid Transit 1st & ref. Mtg. 5s, 1966	$162,570,000	66	$108,380,000	......	......	good
Int. Rapid Transit 1st & ref. Mtg. 5s, 1966	59,602,000	(pledged as collateral)		......	......	......
Int. Rapid Transit secured 8% notes, 1922	37,422,600	82	$30,686,532	......	......	good
Int. Rapid Transit new notes to be issued	7,000,000	..	......	......	......	......
Int. Rapid Transit stock	35,000,000	36	12,600,000	......	......	......
Int. Rapid Transit entire capitalization	235,250,400	..	151,666,532	$206,045,000	$174,221,056	......
Int. Metropolitan coll. trust 4½s, 1956	67,825,000	18	12,208,500	......	......	speculative
Int. Consolidated 6% non-cum. pfd	45,740,500	8¾	4,002,294	......	......	highly speculative
Int. Consolidated common stock	932,626 shs.	3¼	3,031,010	......	......	highly speculative
Manhattan Ry. Cons. 4s (1st Mtg.), 1990	40,664,000	65	26,431,600	......	......	good
Manhattan Ry. Second 4s, 2013	4,523,000	55	2,487,650	......	......	good
Manhattan Ry. Stock	60,000,000	43¾	26,350,000	......	......	speculative
Manhattan Ry. entire capitalization	105,187,000	..	80,511,054	113,001,414	57,374,205	......

Trade Tendencies

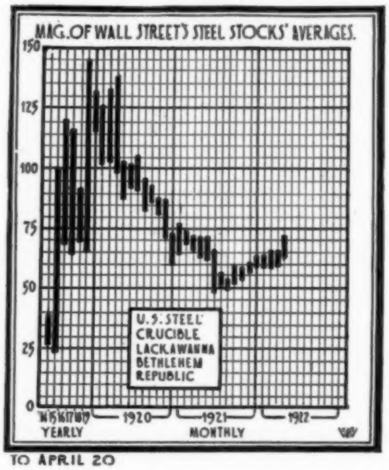
Business Trend Continues Upward

But Progress is Hampered by Coal and Textile Strikes

STEEL

Further Improvement

THE trend of steel and iron production continues upward, the latter no doubt partly due to the stringency of fuel supplies no experienced by some, particularly western, producers, which in turn has been brought about by the coal strike. As a result of this situation, pig-



TO APRIL 20

iron consumers have increased their demand and prices have shown a decided tendency toward higher levels. Steel prices are also higher under the same stimulus.

The industry as a whole is now operating at close to 70%, which is a remarkable improvement over conditions several months ago when the average rate of production was only about 50%.

The chief buyers are the railroads and equipment companies, being closely followed by building and construction interests. The automobile and accessory manufacturers are also heavily in the market, as the demand for these products has as yet shown no signs of diminution.

Foreign demand has also shown a little more life lately and Japan is understood to be more interested in this market than for a number of months. The outlook for steel exports is now more encouraging than it has been since the end of 1920.

While the present advance in prices has been partially influenced by such a temporary factor as the coal strike, the statistical position has so improved that it is doubtful that any material recession will take place at least in the next few months. For all practical purposes, steel prices may be regarded as stabilized.

For the first time in many months, most of the steel companies are on a basis to at least cover their operating charges, including fixed charges. This has been permitted through the reduction in overhead expenses which has been the result of enlarged production and higher prices.

COMMODITIES

(See Footnote for Grades Used and Unit of Measure)

	1921 High	1921 Low	1922 Last*
Steel (1)........	$43.50	$29.00	$29.50
Pig Iron (2)...	30.00	18.00	19.00
Copper (3).....	0.13¾	0.11	0.13
Petroleum (4)..	6.10	2.25	2.25
Coal (5)........	3.00	1.80	1.75
Cotton (6).....	0.21¾	0.11	0.18
Wheat (7)......	2.04	1.08	1.40
Corn (8).......	0.70¼	0.44	0.59
Hogs (9).......	0.11½	0.06¾	0.10½
Steers (10).....	0.11½	0.08¼	0.09½
Coffee (11).....	0.09¼	0.05¾	0.10½
Rubber (12)....	0.23	0.14	0.14½
Wool (13)......	0.48	0.43	0.46
Tobacco (14)...	0.25	0.15	0.20
Sugar (15)......	0.06¼	0.03⅞	0.03⅞
Sugar (16).....	0.08½	0.05¼	0.05¼
Paper (17).....	0.06½	0.03¾	0.03½

* April 20.

(1) Open Hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pool No. 11, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, Chicago, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Sight, Chicago, $ per bushel; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, — per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

THE TREND

STEEL—Production continues upward and prices are higher. Export demand picking up. Outlook favorable.

METALS—New copper demand makes appearance and prices more nearly stabilized. Lead and zinc in a strong position.

COAL—Strike paralyzes industry. Soft coal production down to about 40%. Practically no hard coal production. Price situation about the same.

LEATHER—Hide prices stiffen and leather appears stabilized. Shoe manufacture continues to show improvement.

TOBACCO—Cigarette price-cutting apparently at an end. Conditions generally more stabilized and the outlook for the industry as a whole is more satisfactory than for a considerable period.

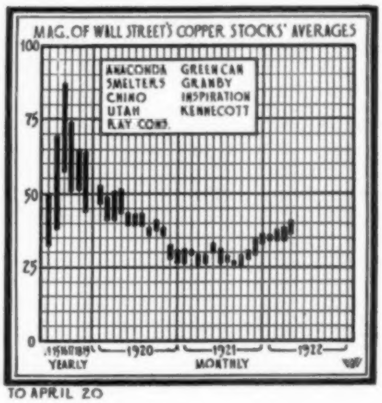
OIL—Demand for gasolene assumes very large proportions. Other refined products irregular, but the general trend of prices is upward.

SUMMARY—Irregular improvement is noted in industry and commerce. The basic lines, with the exception of coal, are in a steadily improving position. Money conditions are favorable and advance in foreign exchange is an important sign of a definite change in world conditions. Serious strikes continue to interfere with business conditions in this country, but the general trend continues upward.

METALS

Firm Situation

As the result of a large volume of sales during the month of March, now estimated at nearly 185,000,000 pounds, the position of the red metal has improved very considerably. Surplus stocks are now close to normal, and supplies of scrap have been reduced to a point where new copper is being used to replace them. Sales for March compare with an average of 135,000,000 pounds monthly for the past six months. Improvement in the steel industry and increasing building operations point toward a continuation of the larger demand which has developed. Export demand holds up well and there is the further possibility that the Genoa Conference may bring about a revival of



TO APRIL 20

European trade with a consequent measure of benefit to the copper and other American industries.

Resumption of operations of the porphyry group on a limited schedule had a slightly depressing effect on prices in the past few weeks due apparently to fear among buyers that there might be a repetition of overproduction. This attitude is scarcely justified, however. The new copper is not likely to come on the market before present stocks have suffered further depletion, and producers are not apt to forget so soon the lessons learned from recent experience, in other words, production will probably be carefully controlled, more especially since copper at 12½ cents offers little inducement to large scale output.

As a matter of fact, the cautious attitude of buyers seems likely to lead to a

(*Continued on page* 965)

Mexican Petroleum's New Rival

Rapid Strides Being Made by Mexican Seaboard in the Development of Its Toteco and Other Important Properties

WHEN the writer was informed by a high official of the Mexican Seaboard Oil Co. that the maximum production of that company amounted to 400,000 barrels per day, the first inclination was to step outside the office and gasp. But a further investigation, through sources in no way related to Mexican Seaboard, disclosed the following facts: that this company, through its subsidiary, the International Petroleum Corporation, had on March 25, 1922, an actual productive capacity of 469,000 barrels per day as per tl e table below, in the Toteco field alone; that its production from that field up to March 1st, last, amounted to 15,000,000 barrels from wells ranging mostly from 1,900 to 2,100 feet in depth, the majority of which were brought in within the last six months.

The strength of any Mexican oil enterprise lies in its having immense reserves of oil territory which it can drill and thus continue its output at a high rate. From all that can be learned, Mexican Seaboard is in a much stronger position than Mexican Petroleum in this respect: its property is 50 feet higher on the structure than Mexican Petroleum's Toteco holdings, and 50 feet in this field make a difference in a vast quantity of oil. Seaboard's wells should greatly outlast those of Mexican Petroleum.

Those who have followed the affairs of the Mexican Seaboard Co. have no illusions as to the salt-water question. They describe themselves as fully aware of the importance of drilling and developing holdings with this factor in mind. But they do not consider it to be anything approaching the menace an overstimulated public imagination has come to consider it.

Why the Stock Was Neglected

Wall Street did not hear very much about Mexican Seaboard until the last few months. In the reports of production which emanated from Mexico, the company ranked high, but the stock was seldom traded in; little attention was paid to it because no one had taken the trouble publicly to state its strong points nor call attention to its possibilities. During the last few months Mexican Seaboard stock has been selling on the Curb at prices varying from 28 to 42. Until early April it spent most of its time at about 30. Then about the middle of the month it soared within a few days to 48, and that night after the close it sold over the counter at 50. Evidently someone was beginning to realize the value behind this company's shares. As a matter of fact, there is ample justification for very close attention on the part of the Street. The recent market advance in the shares is merely a belated recognition of the inherent strength and possibilities of what promises to become one of the chief factors in the world's oil industry.

Mexican Seaboard was formed a little over two years ago as a holding company, owning the International Petroleum Co. of Maine as its operating subsidiary. Control of the stock, vested in a voting trust of 501,000 shares, was acquired by one of the wealthiest groups operating in the oil world, including Ogden Mills, Harry Payne Whitney and the John Hays Hammond interests. About two years ago, 50,000 shares were purchased by th Standard Oil Co. of N. J., and some thing over 24% was acquired by Sinclai Consolidated.

The resources at the disposal of the company from its organization permitted it to undertake oil development in the Mexican fields on a literally huge scale. Over 200,000 acres of oil leases, situated in the States of Vera Cruz and Tamauli-

(*Continued on page* 954)

LIST OF PROPERTIES OF MEXICAN SEABOARD (INTERNATIONAL) AS OF APRIL 20, 1922

2 10" pipelines from Toteco to sealoading station on the Gulf
Capacity 80,000 bbls. daily

PANUCO	10,000 acres
2 4,000 bbl. wells; 1 well drilling; 3 wells located	
TOTECO	7,000 acres
10 wells, rated 469,000 bbls. daily; 1 well drilling	
AGUA NACIDA	10,000 acres
2 wells drilling	
TANCEME (West of Comales)	5,000 acres
SCATTERED South of Tuxpam River	15,000 acres
In tracts from 300 to 1000 acres	
CHIAPAS (Sala)	22,000 hectares
" (Palenque) (Mezcalpa)	5,000 hectares
1 well drilling	
CAMPECHE (CHOMPOTOM)	400,000 hectares
TERRITORY QUINTANA ROO	800,000 hectares
TAMAULIPAS	400,000 hectares
Approximately—In conjunction with Standard Oil of N. J.	
NUEVO LEON LINARES	300,000 hectares
In conjunction with International and Huasteca	

In the Isthmus, the International now has four parties; they have made two locations; one is probably drilling by this time. They have three portable rigs, one standard rig and one modified diamond drill outfit, capable of drilling 4000 ft.

COMPARISON BETWEEN PRODUCTION OF MEXICAN SEABOARD AND MEXICAN PETROLEUM

PRODUCING WELLS OF THE INTERNATIONAL PETROLEUM COMPANY, THE OPERATING SUBSIDIARY OF MEXICAN SEABOARD

Toteco Well No.	Spudded	Completion	Initial Estimated Production	Depth	Sub-sea Level	Production to March 1, 1922 in Bbls.
1	Nov. 1, 1920	Feb. 2, 1921	60,000	2038	1348	7,330,400
2	June 5, 1921	Dec. 17, 1921	75,000	1912	1407	2,453,829
3	June 25, 1921	Nov. 12, 1921	60,000	1951	1307	1,589,220
4	June 10, 1921	Oct. 9, 1921	75,000	1882	1357	2,986,016
5	Dec. 9, 1921	Feb. 4, 1922	4,000	2175	1476	......
6	Jan. 4, 1921	Dec. 30, 1921	40,000	1907	1384	773,321
7	Dec. 21, 1921	Feb. 28, 1922	5,000	2430	1550	......
14	Jan. 22, 1922	Mar. 7, 1922	30,000	2057	1353	......
15	Dec. 1, 1921	Jan. 28, 1922	60,000	1903	1243	......
19	Feb. 11, 1922	Mar. 21, 1922	60,000	2110	1405	......
			469,000			15,138,786

Production from 9 wells to April approximately 20,000,000 barrels.

PRODUCING WELLS OF MEXICAN PETROLEUM (HUASTECA)

Cerro Azul Well No.	Spudded	Completion	Initial Estimated Production	Depth	Sub-sea Level	Production to March 1*, 1922 in Bbls.
7	Jan. 15, 1921	May 12, 1921	75,000	1855	1335	11,468,461
8	May 13, 1921	Nov. 4, 1921	75,000	2042	1361	4,568,361
9	June 1, 1921	Aug. 30, 1921	60,000	1878	1377	4,590,680
10	Aug. 15, 1921	Dec. 27, 1921	10,000	2130	1430	26,512
11	July 24, 1921	Nov. 12, 1921	40,000	1960	1361	4,697,624
12	Oct. 1, 1921	Dec. 27, 1921	5,000	2078	1478	24,945
14	Dec. 2, 1921	Feb. 19, 1922	8,000	2086	1444	......
15	Nov. 30, 1921	Feb. 7, 1922	50,000	1938	1371	410,000
16	Nov. 22, 1921	Feb. 22, 1922	10,000	1840	1330	......
Toteco						
1	June 30, 1921	Nov. 28, 1921	30,000	2275	1551	1,561,544
			363,000			27,348,127

* February production, estimated.

Inquiries on Oil Securities

Inquiries on Other Securities Will Be Found in Their Respective Departments

TRANSCONTINENTAL OIL
Bought at Higher Prices

I own about 800 shares of Transcontinental Oil which at the present market price of 12 shows me a $3,600 loss. I would appreciate your opinion as to whether I should sell them out and take my loss. If you believe it best to take the loss what would you advise switching into, with the possibility of regaining some of the loss?—S. A. E., Saylesville, R. I.

Transcontinental Oil stock is highly speculative, but at the same time we should say that it has a fairly good chance of doing better, a great deal depending on how favorable development work turns out to be on its South American properties. Should very satisfactory results be obtained down there the stock may go to considerably higher levels. The Standard Oil interests are now associated with the company to a certain extent and should assure reasonably good management. While the stock has possibilities, we are inclined to the opinion that you hold a little too much of a speculative stock of this kind and it might be well to switch part of your holdings into some other security with good possibilities.

Suggest a switch of 100 shares into Skelly Oil at 6, 100 shares into Mexico Oil 4 and 100 shares into Radio Corporation 3½.

MIDDLE STATES OIL
Dividends Earned

I am the owner of some Middle States Oil. It appears to have earned its dividend about three times over in 1921. Unless unfavorable conditions have developed since Jan. 1, I should think it should be a good investment. What is your opinion?—A. J. Haddonfield, N. J.

Middle States Oil should be regarded more in the nature of a speculation than a good investment. While it is true that the dividends were shown to be covered over 3 times in 1921, nothing was deducted for depreciation or depletion, and in an oil company of this kind a very large charge is ordinarily made for these two items. The company's production is to a considerable degree flush production and apparently is maintained largely by constant development work, bringing in new wells. As a speculation, however, we believe the stock to have fairly good possibilities at present levels of 15 for an advance.

SHELL TRANSPORT & TRADING
Attractive Possibilities

As a holder of stock in the Shell Transport & Trading Co. I would greatly appreciate any information you can give me as to what its property consists of and its relation to Royal Dutch. How to you regard the stock?—H. S. L., New Britain, Conn.

Shell Transport & Trading Co. owns a large number of tank steamers and forty large and more than three hundred small tank installations, including can factories, etc., in all parts of the world, with a total capacity of about 400,000 tons. The company also owns stock in other companies as follows:

	Issued	Owned by Co.
Bataafsche Petrol My.	F 210,000,000	F 84,000,000
Anglo-Saxon Pet. Co., Ltd.	£6,000,000	£3,200,000
Asiatic Petroleum Co., Ltd.	£3,500,000	£1,400,000
Societe Ane "Austra Romana"	Lei. 67,500,000	Lei. 3,082,000
Shell Co. of California	$78,808,600	$31,524,427

The Royal Dutch Co. owns 60% of the capital stock of the first three companies named above, and approximately 60% of the capital stock of Shell Co. of California.

The company has also a stock interest in the Ozark Pipe Line Corp. and the Roxana Petroleum Corp.

Early in 1907 the "Shell" company amalgamated its interests with those of the Royal Dutch Co. The combined assets of both companies were turned over to two new companies, the Bataafsche Petroleum Co. and the Anglo-Saxon Petroleum Co. The "Bataafsche" does the producing and the "Anglo-Saxon" the transportation and the distribution business. The "Shell" holds 40% of these two concerns, and the "Royal Dutch" holds 60%.

We regard the stock as attractive for the long pull.

WILCOX OIL & GAS
Dividend Increased

I have a fair profit on 200 shares of Wilcox Oil & Gas stock purchased a short time ago. Would it be advisable to take profit or hold for higher prices? Is there any other stock you would deem it advisable to switch into?—L. S. G., Canton, O.

This company in the past few months has been reporting favorable development work on its properties in Oklahoma, several good-sized wells having been brought in. For the first ten months of 1921 the company reported net profits, before deductions for depletion, depreciation or taxes, of $628,914. During this period 531,952 barrels of oil were produced. Production at the present time is reported as running at about a 100% higher rate. Working capital of the company is stated as $370,000. The dividend rate on the stock has just been increased by the declaration of 10 cents a share, payable May 1, as compared with a dividend of 5 cents a share, paid Feb. 1.

At present levels of 4¼ the stock has advanced from a price of 2½ early this year and at this level would appear to have fairly well discounted the favorable developments on the property and the increase in the dividend. This stock should be regarded as decidedly speculative, its future market course depending on how successful the drilling campaign now under way will continue to be. Our suggestion is that you take your profits and switch into Radio Corp. common, selling around 3½. The latter stock is not paying dividends but we believe it to have very good long pull possibilities.

PRODUCERS & REFINERS
Has Speculative Possibilities

I would like to have your opinion as to the future possibilities of Producers & Refiners common stock. I hold some of the stock which shows me a small profit. The question is whether or not it is an attractive security to hold for the long pull or whether I had better sell and buy something else?—J. S., Lexington, Ky.

Producers & Refiners Corp. holds oil and gas leases aggregating 80,000 acres, of which 20,000 are operative. Daily production is about 5,000 barrels of oil and 75,000,000 cubic feet of gas. Has two refining plants with a capacity of 9,000 barrels and casinghead gasoline plants are in operation in four of the company's properties. Total pipe line mileage 125. Owns 643 tank cars and storage tanks with a capacity for 900,000 barrels.

For the year ending May 31, 1921, a net profit, after deducting depreciation, amortization interest, etc., of $2,113,855 was reported. Capitalization consists of $5,000,000 8% 1st mortgage bonds, $2,961,950 7% preferred stock, par $50, and $17,004,890 common stock, par $50. The preferred stock participates with the common after $3.50 dividends. Dividends on the common stock were discontinued in May, 1921.

This company has become very active in the Salt Creek field, Wyoming, recently and will build one of the largest gasoline condensation plants in the Northwest. An 86-mile pipe line is also being built. This program of expansion will ultimately benefit the company, but the dividend policy is likely to be conservative for some time to come and we are inclined to suggest that you take your profit in the stock and switch into a dividend payer that also has good prospects of advancing. A suggestion is Texas & Pacific Coal & Oil, which is selling 2 points lower at 28, and paying dividends of $1. The latter is very likely to pay more liberal dividends in the near future.

GLENROCK OIL
Small Working Capital

Do you believe it advisable to hold on to Glenrock Oil which I have at considerably higher prices or would it be advisable for me to take my loss and switch into something else with a better chance to advance? What stock would you suggest for a switch?—Fort Worth, Tex.

Glenrock Oil is a holding company as well as an operating company. Its principal subsidiaries are Glenrock Petroleum Co., Mosher Oil Co., Marine Oil Co., Hall Oil Co. and Pilot Butte Oil Co. The company had a very unprofitable experience in the Lance Creek field, but in 1921 made fairly good progress in the

(*Continued on page 942*)

Mining

What Have the Gold Shares to Offer?

Analysis Shows that a Few Have Investment Qualities, and that the Speculative Stocks Are Commencing to Respond to More Efficient Labor and Descending Costs

By C. S. HARTLEIGH

NOT long ago the question was asked, "Will there be a revival of the Gold Mining Industry?" With declining gold production in most important districts, and a ready market for gold at a fixed price, it was safe to assume the affirmative, especially as costs of commodities declined and the efficiency of labor improved. Already the fundamental economic laws, as they affect gold mining, are at work in the interests of the industry, according to schedule. Naturally, the mines in the best physical condition as to quality of ore reserves, and with ability of management to secure the co-operation of conscientious labor, are among the first to resume profitable activity, and even plan and execute a program of healthy expansion.

Althought it is true that gold production has been declining in some of the world's most famous gold mining districts, notably on the Rand, in South Africa, in Australia, Colorado and California, there are a few notable exceptions, such as Ontario, where the important mines of the Porcupine district have kept this province in the ascendant. Here we have several very interesting mines, particularly Hollinger, McIntyre and Dome. The first is an investment in the true sense of the word, with adequate reserves of payable ore blocked out, with extensive promising territory awaiting future development, and with first-class management equal to any operating problem that the company is likely to meet, if their record is significant in this respect.

Hollinger

Hollinger's income account and balance sheet indicate stability and increasing strength. The net income has increased every year during the last five years, and the dividend has increased in proportion. In 1921 the net income was over $4,000,000, equivalent to 82 cents a share. The profit and loss account was transformed from a deficit of $269,591 in 1916 to a surplus of $3,960,780 in 1921. The net working capital during the same period increased regularly from $515,477 to $5,662,044. Such a performance in any industrial enterprise indicates stability and strength, and when it is accomplished by a mining company with 3 to 4 years' supply of $11 ore ahead of production, and with undeveloped deposits which in all probability will assure from 10 to 20 years' additional life for the mines, it places the enterprise in the class of seasoned investments—a rare thing in the mining industry.

The consensus of opinion of all its stockholders places the price of the shares at about $9.25, with the dividend rate at 65 cents, thus yielding 7%, which would certainly not be an attractive return for any ordinary mining risk. In fact, its investment qualities make it comparatively unattractive as a speculation, for it can anticipate increased earnings and increased dividends only by substantial increase in output. As steps are being taken in this direction, it is unfair to say that the stock is devoid of speculative possibilities.

McIntyre Porcupine

McIntyre Porcupine is adjacent to Hollinger, and there are many points of similarity between the two properties so far as physical characteristics of the ore deposits are concerned. However, McIntyre's ore is at deeper levels than that of Hollinger, and therefore its development is more difficult and costly. Nevertheless, deep-level developments have been favorable, and a long life for the property is expected. Perhaps it is fair to say that McIntyre is an "understudy" of Hollinger. Its annual production is about 172,000 tons of $11.67 ore, as compared to Hollinger's output of 650,000 tons, averaging about $10 a ton.

McIntyre shares have been selling recently around $19, the yield at this figure being about 4%, which evidently means that they are selling too high, or that they are discounting increased mill capacity with consequent increased earnings and dividends.

The property is developed to a depth of 1,875 feet, with levels at vertical intervals of 125 feet. The chief veins are 20 to 50 feet wide, and are developed by 12 to 15 miles of underground workings, together with considerable diamond drilling. The developed ore reserves are estimated at over 624,000 tons, averaging $10.25 a ton, and having a gross value of nearly $6,400,000. No doubt the property has a bright future, but the shares seem high under present conditions.

Dome Mines

Dome Mines Co., Ltd., operates a big low-grade mine containing a network of interlacing quartz stringers carrying gold and auriferous pyrite. The ore body is over 100 feet across, and has been proved by diamond drilling to a depth of over 1,200 feet. It differs materially from the ore bodies of Hollinger and McIntyre, and does not have their well-developed vein system. Although the continuity of the ore is not as certain as that of the other two properties, there is no sign of failure, and the reserve is estimated at 3,500,000 tons, averaging about $5.30 a ton.

Present production is about 1,000 tons per day. The value of the gold recovered was averaging about $236,000 per month during the last quarter of 1921, but since the beginning of the current year this value has been brought up to over $300,000 per month. The mine has great pos-

DIVIDEND RECORDS AND PRICE RANGES OF LEADING GOLD STOCKS

Company	Hollinger			Dome			McIntyre			Homestake		
Location	Ontario			Ontario			Ontario			South Dakota		
Shares	4,920,000			476,667			728,056			251,160		
Par	$5.00			$10.00			$5.00			$100.00		
	Div.	Price Range		Div.	Price Range		Div.	Price Range		Div.	Price Range	
1916	§0.65	....	....	2.00	29 1/2	18	....	2 1/16	7/8	8.80	135 1/2	126
1917	0.15	7.00	3.50	0.75	24 3/4	8 1/8	0.75	2	1 1/4	7.80	131 1/2	89 1/2
1918	0.25	6.50	4.87	....	15	8	0.75	1 13/16	1 1/4	6.00	95	68
1919	0.35	7.85	6.15	....	18 1/4	10 3/8	0.50	1 7/8	1 1/8	4.50	100	60
1920	0.45	7.10	5.25	1.00	13	9 1/4	0.75	....	....	....	71	45
1921	0.60	7 5/8	5 3/8	1.00	21 3/4	10 1/8	0.75	2 1/4	1 1/2	2.00	61	48 1/2
1922	0.60	9 3/8	7 3/8	1.00	28 5/8	18 1/2	0.75	21 5/8	13 5/8‡	3.00	75	55

Company	Cresson			Rand			United Eastern			Carson Hill	
Location	Colorado			South Africa			Arizona			California	
Shares	1,220,000			*60,000			1,363,000			700,004	
Par	$1.00			12s. 6d.			$1.00			$1.00	
	Div.	Price Range		Div.	Price Range		Div.	Price Range		Price Range	
1916	0.85	8 7/8	5 1/4	0-7-6	....	....	....	....	....	....	....
1917	1.20	7 1/2	2	0-7-3	....	....	0.30	5 1/2	3 3/8	....	....
1918	1.20	4 1/4	6	0-4-3	....	....	0.62	5 1/4	3	....	....
1919	1.00	5 1/2	1 3/4	0-5-0	....	....	0.39	5 1/4	2 1/4	30 5/8	12 1/4
1920	0.20	2 1/2	7/8	0-7-3	29	20†	0.72	4 1/2	2	40	10 1/2
1921	....	2 7/8	13/16	2.86	26 3/4	18	0.45	3 1/16	2 1/16	15 1/2	11
1922	0.20	3 1/16	2 3/8	3.41	25 3/8	19 3/8	0.60	2 1/2	1 5/8	16 3/8	11

† American shares listed in 1920.
* 60,000 American shares represent 150,000 of the 2,125,905 English shares.
‡ New stock listed on N. Y. Stock Exch. Jan. 9, 1922. Par changed from $1 to $5.
§ Prior to consolidation.

sibilities, but the stock is subject to wide fluctuations that make it unsuitable for investment, although it naturally attracts the attention of speculative interests. Present quarterly dividends of $1.00 make the stock yield about 8% at the present selling price of around $25.

Homestake

Another great gold mine whose stock is in the investment class is Homestake, which needs no introduction here in view of numerous descriptions that have appeared in earlier issues of this magazine.

The company has a long and honorable record, dating from January, 1879. Dividends were suspended from May, 1907, to January, 1908, on account of a bad underground fire, and in December, 1909, to March, 1910, owing to labor troubles. Otherwise the distribution has been made monthly, and over $31,000,000 has been distributed to stockholders.

The extensive underground workings developed the northern end of an immense ore zone several miles in length and having a width varying from 40 to 400 feet. Many of the large stopes in the mine are carried across a width of 500 feet of mineralized material, and the mine workings extend to a depth of 1,700 feet. The ore averages from $3.50 to $4.50 per ton in gold, and over 60% of this material is free milling. During the last year development work consisted of 7,239 feet of drifts, 4,681 of raises, and the main shaft was sunk 71 feet. Broken ore in reserve is estimated at about 1,220,000 tons. The dividend of 25 cents per month is equivalent to a yield of a little over 4% at the present market price of $74. Apparently the present dividend rate has been more than discounted and stockholders look forward to an increase as this great producer eventually resumes its former stride.

United Eastern

The United Eastern Mining Company owns the United Eastern Mine, together with 300 acres of mineral property at Oatman, Arizona, and the Big Jim Mine adjoining, which was purchased in 1917, for 160,000 United Eastern Shares, or over $800,000. The geology of the district is complex, and the ore occurs in a series of lenses, pinching vertically and horizontally. The gold is extremely fine, and fine-grinding of the ore is necessary. The mine is open to a depth of over 1,500 feet, and the ore bodies are developed on seven or eight different levels, including one at 1,400 feet. The United Eastern Mine proper is practically worked out, and the ore now being treated in the company's mill plant comes from the Tom Reed Extension Mine, which, in turn, is expected to be exhausted in another year.

The company is developing the Big Jim property, but this work has not yet gone far enough to determine how long a life the property will have. Under these circumstances the shares are highly speculative, which fact has been reflected in their decline to around the current price of about $1.50 a share. Under these circumstances it should be apparent that the company's ability to pay dividends is uncertain, and any speculative attraction the shares may have must depend on favorable underground developments in the company's properties which are now under exploitation. The company has made a good record in proportion to the size of its properties, and may continue to produce for several years, but its future outlook is nothing to be compared to that of the properties hereinabove mentioned.

View of surface plant, including shaft houses, mills and shops, of the Homestake Mining Co., at Lead, S. D., operating one of the world's most famous gold mines

Cresson

Cresson is one of the famous Cripple Creek properties and has made a spectacular record in quality of ore and dividend disbursement. The par value of the stock has been returned to original investors several times over. The ore bodies of this famous property have been found along a series of contacts arranged in the form of a large ellipse, and some subtsantial deposits were opened within the boundaries of this ellipse. During the past year or two some rich deposits of ore have been found in the lowest levels of the mine, tributary to the Roosevelt Tunnel, but none of these deposits compare with the immense bodies of high-grade ore, or famous vugs opened in the upper levels.

The company has resumed dividends recently, but at the present price of around $2.50 a share, the stock offers only limited speculative possibilities, in view of the fact that its best days are probably over. It is reasonable to suppose that operations in the near future may justify a rise in the stock to around $3.00, or even a little higher, but more than this is hardly to be expected, unless there are some unusually favorable underground developments in the mine to justify it, or at least bring about a new wave of optimism and speculative buying.

Carson Hill

The Carson Hill Gold Mining Company is the holding company of Carson Hills Gold Mines, Inc., organized in November, 1917, for the purpose of operating the Morgan and Calaveras Mines and adjacent properties on the Mother Lode in Calaveras County, California. The property includes a tract of 500 acres, covering more than 9,500 feet along the strike of the Mother Lode gold belt. In 1919, a bonanza ore shoot was opened in the Morgan Mine and developed to a depth of 865 feet. The ore body varies in width from 16 to 20 feet, and is 150 to 200 feet long. The ore reserves have been estimated at 210,000 tons of $28 ore and 500,000 tons of lower grade ore, having an aggregate gross value of over $9,000,000.

The Calaveras Mine, which is likely to be the company's more important property, is open to a depth of over 700 feet. The vein averages 18 feet wide, and for a length of 500 feet ranges in value from $3 to $7 per ton. During the past year active exploration at the Morgan Mine resulted in the opening of three new levels at 1,350 feet, 1,450 feet, 1,600 feet and 1,750 feet, and payable ore has been developed on all levels. Ore on the 1,750 foot level proves continuity of the main ore body from the surface down to this level. The latest development is the opening of the 2,000 foot level, which is to be advanced under the ore body found on the level above. About the middle of 1921 ore reserves of all classes were estimated at over 1,000,000 tons, averaging $7 per ton.

With the underground development proceeding rapidly and favorably, and production increasing, the outlook for favorable growth and performance is auspicious, but the stock, selling from $13 to $15 a share, appears to have discounted many favorable developments, including a substantial dividend. Therefore, it seems wise to avoid commitments in these shares until they are better seasoned and have had a chance to gravitate towards some sort of market stability consistent with a dividend policy yet to be established and justified.

Rand Mines

Rand Mines, Ltd., was incorporated in 1893 in the Transvaal, South Africa. The company has an enviable production record, averaging over 8,500,000 ounces of gold per annum in normal times, and it has a long and stabilized dividend record. If the shares are purchased during reactions at around 20 to 21, they have many of the elements of investment combined with moderate speculative possibilities. From a speculative view-point, however, the shares do not appear to be particularly attractive at current prices.

Intimate Talks With Readers

The Danger of Accepting News at Face Value in a Bull Market—How Stock Borrowing Transactions Are Made—The Partial Payment Plan

AS this is written the market averages have advanced to new high levels for the year, and the newspapers, news-slips, and board-rooms are replete with information justifying the advance in this stock, and the decline in the other. The remarkable thing about it all is the ingenuity displayed in many cases in revamping what is apparently "old stuff" in a new dress, and the eagerness with which these items are scanned.

It is a fairly safe assertion to make that fully ninety per cent of the "news" are merely inferences made on the spot by ingenious reporters and financial writers, and the purpose of this discussion is to convey a simple statement to our subscribers, as forcibly as possible. "Forget it!"

This writer is an avid reader of everything appertaining to Wall Street, not so much for the money-making information that can be gleaned therefrom—because you will be making little or no money by reading the news. There is a difference between the *facts* and the *news*.

It perhaps pays to be thoroughly suspicious of bullish explanations voluntarily given, or news given on snap judgment of a market movement when a stock has a sudden spectacular advance, or an equally spectacular decline.

"On news of rumors of a possible merger of Pierce-Arrow with Lincoln Motors, the former stock ran up 4 points."

That would be interesting if it were even in the news class. If reports "rumors" of "possibilities" and is utterly worthless. A space writer *had* to—or felt that he ought to explain the rise in Pierce-Arrow.

"From sources that are said to be close to the management, the next dividend on Bethlehem Steel common stocks will be passed." So ran the news, and it was no surprise to see the announcement next day by Messrs. Schwab and Grace that the "news" was untrue. It was a surprise to the writer that they took the trouble to contradict the alleged sources closest to the management, which said "sources" could reasonably be a cousin of one of the office-boys in the mailing department.

However, those who have read and studied these "Intimate Talks" would pay no attention to "news" anyway but bull market movements are exciting and confusing, and it requires clear thinking and much discrimination to differentiate between real news and just "news."

Above all, the value is important. Has the new item been discounted? Was it expected or unexpected? Was this new fact known, and if so when did it become "news" to those closest to the corporation?

By analyzing such items, the holder will not become hasty in believing an upward movement is over, nor get unduly enthusiastic on an alleged new development that was largely created in the mind of a scribe who felt it was "up to him" to excuse a rise, or create an alibi for a fall.

The Mechanics of Borrowing Stock

Many years ago, a certain popular magazine made an attack on Wall Street, which is nothing new. Wall Street has ever been a shining mark, and every once in a while it gets an "attack" just like children get the measles. And it always recovers—as children do. The writer of that article "attacked" the loan crowd, and the whole machinery of loaning stocks. A good deal of it is going on just now and when it is understood it doesn't seem to be so bad after all.

A customer owning 100 Steel and living at Seattle, Wash., wishes to take profits perhaps, and even to sell 100 additional short. He telegraphs an order to his broker: "Sell 200 Steel." Brown & Co., his New York brokers, execute the order, without any inquiry as to whether it is long stock, or for short account. It is none of their business anyway. The buyers are Robinson & Co. The customer takes his own time shipping his 100 shares, and Seattle is a long way from Wall Street.

Meantime two firms are technically short of Steel, Brown & Co. might be asked to deliver if the Robinson customer wants his stock, and the former might have no Steel to spare. They might ask Robinson & Co. to loan them the stock, and the latter might have some either in their "box," or in a bank loan. Let us assume, for the sake of simplicity, that all cupboards are bare pending the man from Seattle coming through with Steel. Brown & Co. will borrow from any firm owning it—we will say Smith & Co. The latter also have it in a bank loan on which they have borrowed 80%.

Smith & Co. withdraw their Steel from their bank, reducing their bank loan by paying the 80% they have borrowed. Brown & Co. give them a check for the full market price prevailing at the time—namely 100%. This puts Smith & Co. in a better position; they have been able to borrow 20% more. Under ordinary circumstances, if Steel is not too scarce, Smith & Co. will actually pay Brown & Co. interest on their money—somewhat less than bank rates. If the stock is scarce, it may loan "flat"—no interest; the lender glad enough to get full value, and the borrower satisfied with the accommodation. If the stock is extremely scarce, the borrower can actually get a reward for lending it—called a "premium," which ranges from 1/32 per day or more.

When the stock arrives from Seattle, the loan is closed out to the extent of 100 shares, and when the customer finally "covers" the entire deal is closed.

The brokers protect each other against loss by mutual adjustment on a settlement price balanced each day. If Steel goes up 5 points, Brown & Co. are compelled to deposit the difference with the lender. If it declines, the lender refunds the difference.

There is nothing "crooked" or "immoral" in short or loan transactions of this character, and it is largely a convenience to the public that the mechanics make it possible to oblige.

A Safe Partial Payment Plan

The leading N. Y. Stock Exchange houses do not, in general, cater to the business of buying investments on the so-called partial payment plan, principally because they do not care to subscribe to a contract which prohibits them from calling for margins in the event of a decline. In other words, such houses, acting purely as agents for the buyer, do not wish to assume the responsibility and double function of broker and banker with its attendant risks. The legal relationship of "agent" has seemed strained where the latter assumes even a nominal risk.

This is not the place to discuss the *pros* and *cons* of the matter. Doubtless many investors would like to pay so much down, and so much monthly, and be relieved of the anxiety of possible declines that may result in serious financial calls on them at inconvenient times.

A few firms of reliability—very few, however—will enter into firm "partial payment contracts" with customers. Some well-rated firms whose names appear in our Magazine would consider such business on its merits. Some advertise the fact; others do not.

The partial payment plan is a good one if a firm contract is secured, and nothing but listed investment stocks purchased under it. We say "listed stocks" advisedly. The plan has been used to speculate under cover of investment or to include a "pet stock" here and there. This has thrown some discredit on an otherwise sound investment idea, through the action of poorly rated houses.

(*Continued on page* 964)

New York Stock Exchange

	Pre-War Period 1909-13		War Period 1914-18		Post-War Period 1919-21		1922		Last Sale	Div'd
RAILS:	High	Low	High	Low	High	Low	High	Low	Apr. 20	$ per Share
Atchison	125⅛	90¼	111¼	75	104	76	102	91¾	101¼	6
Do. Pfd	106¾	96	102⅛	75	89	72	91¾	84½	91¼	5
Atlantic Coast Line	148½	102½	126	79⅞	107	77	103	83	102½	7
Baltimore & Ohio	122¼	90⅝	96	88¼	55¼	27⅝	49½	33½	48⅝	..
Do. Pfd	96	77¼	80	48¼	59½	38½	62½	52¼	60⅝	4
Canadian Pacific	283	165	220⅛	126	170⅞	101	145	119⅛	142⅞	10
Chesapeake & Ohio	92	51⅛	71	35⅝	70⅛	46	66¼	54	65¼	4
Chicago Great Western	36⅞	1¼	17½	6	14½	6¼	8⅞	5¼	8½	..
Do. Pfd	64⅛	28	47½	17½	38⅜	14	23½	14½	22⅛	..
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	17¼	29¾	16½	28⅛	..
Do. Pfd	181	130½	143	62½	76	29½	47	29	45⅜	..
Chicago & Northwestern	198½	123	136⅞	85	105	60	76⅞	59	76	5
Chicago, R. I. & Pacific	..	..	45¾	16	41	22⅝	48¼	30¾	47½	..
Do. 7% Pfd	..	..	94¾	44	89¾	64	96	83¼	95¾	7
Do. 6% Pfd	..	..	80	35¾	77	54	83	70¼	82	6
Cleveland C. C. & St. L	92¼	34⅞	62⅝	21	61	31⅛	66	54	‡64	..
Delaware & Hudson	200	147½	159½	87	116	83¼	122¾	106¾	122	9
Delaware, Lack. & W	340	192½	242	160	260½	93	119¼	110½	116¼	6
Erie	61¼	33½	59½	18¾	21⅜	9½	13⅞	7	13⅝	..
Do. 1st Pfd	49¾	26¼	54¾	15⅛	33	15	23⅜	11⅛	23⅛	..
Do. 2nd Pfd	39⅛	19½	45⅝	13⅛	23¾	10	15½	7⅛	15	..
Great Northern Pfd	157⅞	115½	134¾	79¼	100⅝	60	80⅜	70¼	75⅝	7
Illinois Central	162⅛	102¾	115	85¾	104	80⅞	109	97½	108¾	7
Kansas City Southern	50¼	21⅜	35⅛	13½	28⅞	13	28⅜	22	27¾	..
Do. Pfd	75½	56	65½	40	57	40	58⅛	52¾	‡57	4
Lehigh Valley	121¼	62½	87⅛	50⅜	60¾	39¾	65⅛	56⅝	62¾	3½
Louisville & Nashville	170	121	141⅞	103	122¾	94	119	108	117¾	7
Minn. & St. Louis	*65	*12	36	6⅞	24½	5⅛	12⅞	5	11	..
Mo., Kansas & Texas	51⅛	17½	24	3⅛	16⅝	⅜	8⅛	⅛	7⅞	..
Do. Pfd	78¼	46	60	6½	25⅛	2	9	1½	9	..
Mo. Pacific	*77½	*21½	38⅛	19⅞	38⅞	11½	25¼	16	24⅛	..
Do. Pfd	..	..	64⅞	37½	58⅜	33⅜	59¾	43½	58⅞	..
N. Y. Central	147¾	90⅜	114¼	62½	84¼	64⅛	92¾	72¾	92	5
N. Y., Chicago & St. Louis	109¾	90	90¾	55	65	23¾	66⅞	50	66⅞	5
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	40⅞	12	28¾	12⅜	23⅝	..
N. Y., Ont. & W	55⅝	25⅛	35	17	27⅜	16	30½	19¾	27⅞	2
Norfolk & Western	119¼	84¼	147⅛	92⅝	112½	84¼	107	96¼	106¼	7
Northern Pacific	159½	101¾	118⅞	75	99⅞	61¼	82¼	74	77⅛	5
Pennsylvania	75⅝	53	61½	40¼	48½	32¼	43	33¼	41⅝	2
Pere Marquette	*36½	*15	38⅛	9½	33½	12⅛	30⅜	19	29⅞	..
Pitts. & W. Va	..	..	40⅜	17¼	44¾	21⅛	34¼	23	33⅝	..
Reading	89⅝	59	115½	60⅛	108	60¾	80⅝	71⅛	77¼	4
Do. 1st Pfd	46¾	41¼	46	34	61	32⅞	51	43	‡44	2
Do. 2nd Pfd	58¾	42	52	33¾	65½	33¼	51⅜	46	48	2
St. Louis-San Francisco	*74	*13	50½	21	38⅞	10¾	31¼	20⅝	30¼	..
St. Louis Southwestern	40⅜	18½	32⅛	11	40	10⅞	31⅞	20½	31	..
Do. Pfd	82⅜	47½	65⅛	28	49¾	20⅛	46⅛	32⅜	45¾	..
Southern Pacific	139⅛	83	110	75¾	118⅛	67½	91⅝	78⅛	91	6
Southern Ry	34	18	36¾	12½	33¼	17⅜	25⅝	17⅛	25¼	..
Do. Pfd	86⅞	43	85¼	42	72½	42	57½	45¾	57	..
Texas Pacific	40½	10¼	29½	6½	70½	14	35½	24⅝	34⅞	..
Union Pacific	219	137¾	164⅜	101¼	138½	110	140¼	125	138¾	10
Do. Pfd	118½	79¾	86	69	74¾	61¼	76	71¼	76	4
Wabash	*27⅞	*2	17½	7	13⅜	6⅜	10¼	6	9⅝	..
Do. Pfd. A	*61¼	*6⅛	60½	30⅞	38	17	34⅜	19⅛	33¼	..
Do. Pfd. B	..	..	32⅞	18	25½	12½	21½	12¼	21⅛	..
Western Maryland	*56	*40	23	9¼	15⅝	8⅜	11⅝	8½	11¼	..
Western Pacific	..	..	25½	11	40	15	22⅞	13¾	23¼	..
Do. Pfd	..	..	64	35	78	51½	64	51⅝	64	6
Wheeling & Lake Erie	*12⅞	*2½	27⅜	8	18¼	6¼	10⅝	6	9¾	..
INDUSTRIALS:										
Allied Chem	..	..	..	..	62⅛	34	69⅝	55⅛	67	4
Do. Pfd	..	..	..	..	103¾	83	109¼	101	106⅝	7
Allis Chalmers	10	7⅝	49⅛	6	53⅞	26½	50¾	37¼	50¼	4
Do. Pfd	43	40	92	32½	97	67¼	96⅛	86½	96⅛	7
Am. Agr. Chem	63⅝	33½	106	47¾	113¾	26½	41⅞	29¾	39⅛	..
Do. Pfd	105	90	103½	89⅛	103	51	70⅛	55¾	67¾	..
Am. Beet Sugar	77	19¾	108½	19	103¾	24½	44	31¼	41¾	..
Am. Bosch Mag	..	..	..	..	143⅞	29⅛	49	31¼	46¼	..
Am. Can	47⅜	6⅞	68½	19¼	68⅝	21¾	50¼	32⅛	48⅜	..
Do. Pfd	129¼	98	114½	80	107⅝	72	104⅞	93¼	104¾	7
Am. Car & Fdy	76½	36½	98	40	151¼	84⅛	164	141	161½	12
Do. Pfd	124¾	107½	119½	100	119	105¾	120¼	115	119	7
Am. Cotton Oil	79¼	33½	64	21	67½	15⅛	27¼	19⅛	26	..
Do. Pfd	107½	91	102¼	78	93	35½	57½	41	‡55	..
Am. Drug Synd	..	..	..	..	15⅛	4	6½	4½	6¼	..
Am. Hide & L	10	3	22⅛	2½	43⅜	5	17⅜	12	16⅜	..
Do. Pfd	51⅞	15⅛	94⅞	10	142⅜	35	72½	58	69⅝	..
Am. Ice	..	..	49	8⅞	83½	37	114½	78	108	7
Am. International	..	..	62¾	12	132¼	21¼	48	38⅛	45⅞	..
Am. Linseed	20	6⅞	47⅜	20	95	17¼	36¼	29⅜	34	..
Am. Loco.	74¾	19	98¼	46⅝	117½	58	116⅞	102	116	6
Do. Pfd	122	75	109	93	115	96½	118	112	116½	7
Am. Safety Razor	..	..	..	..	22	3½	8⅝	3⅝	7¾	..
Am. Ship & Com	..	..	..	..	47½	4¼	17⅞	5½	17¼	..
Am. Smelt. & Ref	105½	56⅝	123¾	50¼	89¾	29¼	59½	43⅝	58	..
Do. Pfd	116¾	98¼	118⅛	97	109⅝	63¼	98½	86⅛	97⅜	7
Am. Steel Fdys	74½	24⅛	95	44	50	18	39	30¾	38½	3
Do. Pfd	..	..	..	..	96½	78	99½	91	99½	7
Am. Sugar	136⅜	99⅞	126⅜	89⅛	148⅜	47⅝	76⅜	54⅛	75⅝	..
Do. Pfd	133½	110	123½	106	119	67½	100	84	99½	7
Am. Sumatra Tob	..	..	145¾	15	120½	28½	36½	23¼	34½	..
Do. Pfd	..	..	103	75	105	64¾	71	52¼	‡61	..
Am. Tel. & Tel	153⅛	101	134½	90⅝	119½	92⅛	124½	114½	122½	9
Am. Tobacco	*530	200	256	123	314½	104⅛	142½	129⅛	141⅛	12
Do. B.	..	..	..	..	210	100⅛	138¼	126	137	12
Am. Woolen	40⅝	15	60⅞	12	169½	55½	95⅜	78¼	92⅝	7
Do. Pfd	107¾	74	102	72½	110¾	88½	108¼	102½	‡104	7
Anaconda	54⅜	27½	105⅜	24¼	77⅞	30	54½	47	53¼	..
At. Gulf & W. I	13	5	147¾	4½	192⅝	18	34⅝	23½	32	..
Do. Pfd	32	10	74¾	9⅞	76½	15¾	24⅜	16½	‡23	..
Baldwin Loco.	60¾	36½	154½	26⅝	156¼	62¼	119⅜	92¾	117	7
Do. Pfd	107½	100¼	114	90	111⅞	92	109½	104	‡109½	7
Bethle. Steel B	*51⅜	*18¾	155½	59¾	112	41½	80¾	55½	78⅞	5
Do. 7% Pfd	80	47	186	68	108	87	101	90⅞	98¼	7
Do. 8% Pfd	..	..	110½	92½	116	90	113½	104	112⅛	8
Calif. Packing	..	..	50	30	87½	48¼	78½	68	77½	6
Calif. Petro.	72½	16	42⅜	8	56⅞	15⅜	58½	43⅛	56¼	..

Price Range of Active Stocks

	Pre-War Period 1909-13		War Period 1914-18		Post-War Period 1919-21		1922		Last Sale	Div'd $ per
	High	Low	High	Low	High	Low	High	Low	Ap. 20	Share
INDUSTRIALS—Continued:										
Calif. Petro. Pfd	95½	45	81	29½	88	63	98½	83	96½	7
Central Leather	51¾	16½	123	25⅞	116½	22⅛	48⅜	29⅜	38	..
Do. Pfd	111	80	117½	94⅜	114	57⅛	74	63⅝	72¼	..
Cerro de Pasco	..	..	55	25	67½	23	37½	32¾	36½	..
Chandler Mot	..	..	109⅞	56	141¼	38¼	79¼	47¾	76⅜	6
Chile Copper	..	..	39¼	11¼	29¼	7¼	19⅜	15⅛	18⅞	..
Chino Copper	50⅜	6	74	31⅜	50⅞	16⅜	29⅝	25⅜	28⅝	..
Coca Cola	..	..	..	..	43⅝	18	55⅜	41	54	4
Colum. Gas & E.	..	..	54⅛	14¼	69	39¼	85½	64⅛	83½	6
Columbia Graph	..	..	*166	*97	75¼	2⅜	4	1¼	3⅞	..
Consol. Cigar	..	..	..	..	80	13½	30⅞	18⅝	28½	..
Consol. Gas	165¼	114½	150½	112½	106⅜	71¾	116⅞	85	117⅛	7
Corn Prod	26½	7⅜	50½	7	105¼	46	108¼	91¼	103½	6
Do. Pfd	98½	61	113½	58⅛	112	96	115¾	111	‡115	7
Crucible Steel	19⅝	6½	109⅞	12¼	278½	49	67¼	52¾	64¾	..
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅝	19¾	8⅛	16⅜	..
Cuban Amer. Sugar	*58	*33	*278	*38	*605	10⅞	26¾	14½	22⅞	..
Fisk Rubber	..	..	..	..	55	8¾	18⅜	11¼	18	..
Freeport Tex.	..	..	70½	25¾	64⅜	9½	20¼	12¼	16¾	..
Gen'l Asphalt	42⅞	15½	39⅜	14¼	160	32½	67	55⅛	63	..
Gen'l Electric	188½	129¾	187¼	118	176	109½	164½	136	163	8
Gen'l Motors	*51¾	*25	*850	*74½	42	9⅜	13⅜	8⅛	12⅝	..
Do. 6% Pfd	..	..	99½	72¾	95	63	81	69	79⅞	6
Do. 6% Deb	..	..	..	..	94¾	60	81	67¾	79½	6
Do. 7% Deb	..	..	..	..	94	69	94½	79½	‡93	7
Goodrich	86½	15½	80¼	19⅝	93⅜	26⅝	41½	34½	41½	..
Do. Pfd	109¾	73⅜	116¾	79⅞	109½	62½	90¼	80½	90	7
Gt. Nor. Ore	88½	25½	50⅜	22½	52¾	24⅞	45⅝	31⅜	41¾	4
Houston Oil	25½	8¼	86	10	116½	40½	82¾	70	78½	..
Hupp Motors	..	..	11¾	2½	23¼	4⅝	17⅞	10	16¾	1
Inspiration	21⅝	13⅞	74¾	14¼	68⅞	28	42⅜	37¼	40¾	..
Inter. Mer. Marine	9	2⅛	50⅞	⅝	67¾	7⅛	21	13¼	20	..
Do. Pfd	27⅝	12½	125⅝	8	123½	36	84½	62¼	83	6
Inter. Nickel	*227¼	*135	57½	24½	33⅞	11⅛	18¼	11¼	17⅝	..
Inter. Paper	19¾	6½	75½	9½	91¾	30¼	52	43½	47¼	..
Invincible Oil	..	..	..	..	47¼	5½	20¼	12⅞	18½	..
Island Oil	..	..	..	..	7¼	2	3	⅝	¾	..
Kelly Springfield	..	..	85¼	36⅞	164	25½	49¾	34¼	48½	..
Do. 8% Pfd	..	..	101	72	110¼	70¼	101	90½	101	8
Kennecott	..	..	64¼	25	43	14⅝	32⅝	25½	31¾	..
Keystone Tire	..	..	46½	11	126¾	8¼	19⅞	15½	19¼	..
Lackawanna Steel	55½	28	107	26½	107¾	32	56¼	44	54½	..
Loews, Inc.	..	..	..	..	38⅜	10	18⅝	11	17¾	..
Loft, Inc.	..	..	..	..	28	7¾	13⅞	9	13	1
Mexican Pet	90½	41¾	129⅝	46½	264	84½	135½	106¾	130¾	12
Miami Copper	30¼	12¾	49⅜	16½	32¾	14⅛	29¾	25¾	29⅝	2
Middle States Oil	..	..	..	..	71¼	10	16	11⅝	15	1.20
Midvale Steel	..	..	98½	89½	62¼	22	36⅝	27⅛	34½	..
Nat'l Lead	91	42½	74⅝	44	94½	63½	94¾	85	93¼	6
Nevada Copper	30	18	84⅛	10¼	21⅞	8	18⅜	13¼	17¾	..
N. Y. Air Brake	98	45	186	55⅞	145¾	47½	78	57	74	..
N. Y. Dock	40¼	8	27	9¼	70¾	16¼	33¼	28¼	33	2½
North American	*87⅞	*60	*81	*38⅞	46	32¼	60¼	44⅜	58⅝	3
Do. Pfd	..	..	..	..	41½	31⅞	43¼	30	42⅜	3
Pacific Oil	..	..	..	..	50⅜	27½	60	44⅜	58	3
Pan. Amer. Pet.	..	..	70¾	35	140¼	38⅛	66¼	48⅞	63¾	6
Do. B.	..	..	..	..	111¾	34⅛	62¼	44	57	6
Philadelphia Co.	59¼	37	48⅞	21½	48	26½	40	31½	38⅜	3
Phillips Pet.	..	..	..	..	44½	16	29⅝	28¼	38¼	2
Pierce Arrow	..	..	65	25	99	9¼	23¾	15⅛	22½	..
Do. Pfd	..	..	109	88	111	21	49	27⅞	46½	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	45	63¼	55⅝	60¼	5
Pressed Steel Car	56	18½	88¼	17¼	113¾	48	83	63	82¾	..
Do. Pfd	112	88½	109⅛	69	106	83	96⅞	91	96⅞	7
Punta Aleg. Sug	..	..	51	29	120	24¾	43¼	30½	39½	..
Pure Oil	..	..	143⅞	31⅞	61⅞	21½	38⅝	29½	33⅞	2
Ry. Steel Spg	54½	22¼	78½	19	107½	67	103	94	102⅜	8
Do. Pfd	113⅜	90¼	105½	75	112	92½	115¼	108¼	‡..	7
Ray Cons. Cop	27½	7½	37	15	27½	10	17	13½	16¾	..
Replogle Steel	..	..	..	..	93½	18	41	25½	33	..
Republic I. & S.	49½	15¾	96	18	145	41⅛	58¼	46¼	55⅝	..
Do. Pfd	111¼	64½	112⅝	72	106¼	75¼	87½	74	81⅞	..
Republic Motors	..	..	77	81	74½	5	8½	4½	7	..
Royal Dutch N. Y.	..	..	86	56	123⅛	40½	66	47¼	63⅞	5.20
Shell T. & T.	..	..	..	..	90¼	30⅞	47¼	35⅝	47½	.83½
Sinclair Con. Oil	..	..	67⅛	25¼	64¼	16½	34½	18¾	32½	..
Sloss Shef. Steel	94⅝	23	93¼	19½	89	32½	46½	34½	43½	..
Stand. Oil N. J.	*448	*322	*800	*355	212	124½	184	169¼	177½	5
Do. Pfd	..	..	..	..	114½	100⅛	115⅞	113⅜	114¼	7
Stromberg Carb	..	..	45¼	21	118¼	22⅛	59⅝	35¼	56⅜	..
Studebaker	49½	15¾	195	20	151	37¾	122¼	79⅛	120¾	7
Do. Pfd	96⅛	64½	119½	70	104½	76	109¾	100	109⅛	7
Superior Steel	..	..	96	30¼	60	26	39½	26	36½	..
Tenn. Cop. & Chem	..	..	21	11	17¼	6¼	12½	9¾	11⅞	..
Texas Co.	144	74½	243	112	57¾	29	48¾	42	45¾	3
Tex. Pac. C. & O.	..	..	..	..	195	15¾	30⅝	23	28½	1
Tobacco Prod	145	100	82⅜	25	115	45	71¼	57¼	69⅛	6
Transcontl. Oil	..	..	..	..	62⅝	5⅝	13⅞	7½	11¾	..
United Fruit	208½	126½	173	105	224⅞	95¾	148	119¾	143	8
Un. Retail Stores	..	..	..	..	119¼	45¼	56⅜	43⅛	49¾	..
U. S. Food Prod.	41⅝	9¼	64¾	5½	91⅜	8½	10⅛	2¾	4⅞	..
U. S. Ind. Alco	57¼	24	171½	15	167	35¼	49½	37	48½	..
U. S. Rubber	69½	27	80½	44	143¼	40½	67¼	51⅝	65½	..
Do. Pfd	123½	98	115¼	91	119½	74	106	99	103¼	8
U. S. Smelt. & R.	59	30⅜	81½	20	78¼	26	40	32¾	39⅞	..
U. S. Steel	94⅞	41¼	136⅝	38	115½	70¼	100⅛	82	98⅞	5
Do. Pfd	131	102½	123	102	117½	104⅛	118⅛	114¼	118	7
Utah Copper	67⅝	88	130	48½	97½	41⅛	68	60⅝	66½	2
Vanadium	..	..	..	..	97	25⅛	45	30¼	43¼	..
Va.-Caro. Ch.	70⅜	22	60¼	15	92½	20¾	36⅞	27½	34½	..
Do. Pfd	129½	62	115⅜	80	115⅞	57¾	82	67	80⅛	..
Western Union	86¼	56	105½	53⅜	94	76	99½	89	97⅝	7
Westinghouse Mfg	45	24¾	74⅞	32	59⅞	38⅞	64	49¼	62	4
White Motors	..	..	60	30	86	29¼	47½	35½	47	4
Willys Overland	*75	*50	*325	15	40¼	4⅝	9½	4½	8	..
Wilson Co.	..	..	84¼	42	104⅞	27½	44	27⅛	43⅛	..
Woolworth	177⅞	76⅛	151	81½	139¼	100	[illegible]	137	‡161	8

*Old stock. ‡Bid price given where no sales made.

INQUIRIES ON OIL SECURITIES

(*Continued from page 935*)

Salt Creek field of Wyoming, where some promising wells were brought in. The company has the possibility of increasing its earnings from production in this field, but any returns to stockholders must be regarded as a long ways off, for the reason that it is in poor financial condition, with a working capital of only $50,000, and any income that it is likely to receive will undoubtedly be used for further development work. Capitalization consists of $9,533,620 stock of a par value of $10. While this stock has possibilities of ultimately doing somewhat better, it looks to us like a rather long wait, and believe it would be a good move on your part to sell out at present price of 1⅛ and purchase something else with better immediate prospects. A higher-priced stock which has good speculative possibilities is Mexico Oil, selling around 4. This company is drilling in very promising territory in Mexico and should the indicated large wells be brought in, has possibilities of going higher.

HAS PROFITS IN PACIFIC OIL
Switches Suggested

As the holder of 700 shares of Pacific Oil bought at an average price of 36 I would like your advice as to taking profits at present price of 59. Are there any other sound dividend-paying stocks that you could recommend as having a good chance of appreciation in value from present levels?—E. S. F., Rutherford, Cal.

We are favorably impressed with the long pull possibilities of Pacific Oil, but the stock has had a very substantial advance in recent months and it might be well to take profits on part of your stock and switch into other good securities.

Suggest a switch of 200 shares into Royal Dutch selling around 64. This company has properties located all over the world and we believe it has a very brilliant future. Moreover, the stock appears to be in a position to advance in the near future.

Suggest a switch of 200 shares into Westinghouse Electric, selling around 62 and paying $4. This company is in very strong financial condition and is making excellent profits from the manufacture of radio equipments in addition to its regular business.

GENERAL OIL
Bought It at $15

I am one of the well-known suckers that have been caught through the mails having fallen for the circulars sent out by S. E. J. Cox some time ago. I purchased some of his General Oil Co. stock at $15 a share and now realize that I have been nicely trimmed. Can you tell me anything about the present situation of the company and whether there is any chance for me to get some of my money back? —S. K., Warren, Pa.

We are very sorry indeed that you did not communicate with us before you bought the stock instead of now as we would have undoubtedly saved you this loss. Last October the company was thrown into receivership and recently the reorganization of the company was ordered by Judge W. E. Monteith, of Houston, Texas, with $1,000,000 preferred stock and 1,000,000 shares of common stock of no par value, under the name of the General Petroleum Co. This compares with a capitalization of $20,000,000 for the General Oil Co. The present price of the stock, around a few cents per share, probably represents its actual value, and we are afraid you have not much to look forward to in the way of getting a much larger portion of your money back. If this experience has taught you to avoid get-rich-quick literature and confine your purchases to sound securities in the future it may be worth the price you have paid. The successful man is the one who learns something from his mistakes.

You have only recently subscribed to THE MAGAZINE OF WALL STREET and while we do not wish to pat ourselves on the back unduly we have been very pleased indeed to note that we have not heard of any of our older subscribers being caught in schemes of this kind. If the general public would only spend a little time on their financial education rank promotions such as this could never be put over.

BOONE OIL
In Receivership

In 1920 I purchased 200 shares of Boone Oil Co. stock at $3.50 per share and it has, as you know, declined to practically nothing. I would appreciate any information you can give me in regard to this company. Has it any chance of ever coming back?—R. T. R., Jamestown, N. Y.

Boone Oil was unable to take care of its $835,000 6% notes which matured July 2, 1921, and as a result a receiver was appointed. When the company was formed it had some promising properties but was never properly supplied with cash and as a result when oil prices declined it got into difficulties. The company's holdings include 35,000 acres in Missouri, 5,000 in Bull Bayou, La., 300 acres in the Homer field of Louisiana, 700 acres in the Caddo field, about 75,000 acres in South America and fractional interests in other acreage in Texas. The company's production at one time got up to 1,000 barrels a day but is considerably less at the present time. This company also owns an interest in several companies holding acreage in Louisiana and Texas that would appear to be of some value. In order for this company to get on its feet again a substantial amount of new money will have to be raised and in order for stockholders to maintain their interest in the company they will probably have to pay an assessment or subscribe to some new security. Of course there is the possibility of the note holders selling the properties to satisfy their claims and thus leaving nothing for the stock. In view of the price you paid, there is of course nothing for you to do except to hold on as the stock is now selling for 15 cents a share. The company's properties appear to have some possibilities and if a reorganization plan is formulated that is not too drastic in its terms the stock may do better. The situation is so uncertain, however, that we would not care to advise you to average at present levels.

PAN-AMERICAN PETROLEUM
In Speculative Position

I have been hung up for a year in Pan-American Petroleum "A" stock which I purchased at 72. Please let me know whether it is better for me to sell out now or hold for higher prices? I do not mind holding a stock that is paying dividends for a long time if I am sure that I have a sound security.—C. D., Allentown, Pa.

In regard to Pan-American Petroleum, we find it rather difficult to advise you as everything depends on how long the production of Mexican Petroleum is maintained at a good figure in its Mexican fields. Salt water invasions have damaged a lot of properties down there and one can never tell when it will strike in further and affect the present large producing wells of Mexican Petroleum. In our opinion, it would be advisable to exchange your stock for Royal Dutch of New York as this is a much sounder security, its properties being held all over the world. Moreover, in our opinion, it has an excellent chance of having a material appreciation in value from present price of 64.

The combined "Shell" and "Royal Dutch" interests expanded their sphere of activity in the international field and acquired, in addition to their large possessions in the Dutch Indies, exclusive controlling interests in important oil fields in Roumania, Russia, Egypt, Sarawak, the United States (mid-continent and California), Venezuela, Trinidad and Mexico, and long contracts for most products of Persian oil fields controlled by other interests. In Russia the interests of the combination have been amalgamated with those of the Rothschild (Paris) group.

A GROUP OF SOUND INDUSTRIAL PREFERRED STOCKS

(*Continued from page 921*)

working capital now stands at the imposing figure of $17,000,000, equal to the total outstanding bonds and preferred stocks. Inventory losses caused a deficit before dividends of $98,000 in 1921, but the outlook is for good profits this year. At present levels of 72 the preferred "B" stock yields 8.3%. At 90 the preferred "A" stock yields 7.7%. Except as to rate, the "A" stock has no preference over the B stock, so that the "B" stock is now selling out of line with the "A" and is the most attractive at the current price.

PRESSED STEEL CAR 7% PREFERRED

Dividends on Pressed Steel Car 7% non-cumulative preferred stock have been paid regularly since organization in 1899. With the exception of 1921, when 5.45% was earned on the preferred stock, this company has in recent years always earned the preferred dividend with a good margin to spare. There are no bonds ahead of the preferred stock and working capital is $8,000,000, as against a preferred issue of $12,000,000. It can be seen, therefore, that the preferred stock is in a very strong position. With the demand for equipment increasing the company should do well this year. At present price of 95 the yield is 7.4%.

THE BOND MARKET

(*Continued from page* 913)

predicting for some time now, burst into full force during the past fortnight. With the exception of the American Cotton Oil bonds in the industrial group, every issue under the heading of speculative advanced. In the majority of cases the advances amounted to more than 2 points, with such leaders as Missouri, Kansas, & Texas, Denver & Rio Grande, Iowa Central, Frisco, Virginia Carolina Chemical, and Interborough Rapid Transit up anywhere from 4 to 6⅜ points.

The strength and activity in this group is entirely justified by improving economic and financial conditions, and we believe that by fall all these issues will be selling higher.

Current Bond Offerings

New Financing on Large Scale

THE absorptive capacity of the bond market, under a wave of new financing, continues cause for comment in financial circles and is one of the most encouraging signs of the times. During the last week before going to press, the total amount of new bonds offered, practically all of which were heavily oversubscribed, amounted to considerably over $140,000,000, or the largest total, except for one previous week, for any similar period since the year opened. The last previous week's offerings totaled about $63,000,000. The record week ended March 17th, when over $146,000,000 bonds were offered.

Municipality and State financing, for school, highway and improvement construction, continued the most active single group, with a $6,000,000 offering against the State of Illinois the largest single issue. The Illinois bonds are highway bonds, offering a yield to maturity of from 4% to 3.95%, as shown in the attached table.

Railroad financing was amplified by three important new issues of equipment trust notes by Wheeling & Lake Erie, Carolina Clinchfield & Ohio and St. Paul Although practically all the larger railroad corporations have gone into the equipment market it is believed that financing for this purpose is still to be looked for on a large scale. The prices the three roads noted have had to pay for funds is still high, varying from 5.30 to as much as 5.80%. Viewing an equipment trust note as a prime investment security, these offered yields must be regarded as very attractive inducements to investors. The three equipment notes are all repayable through sinking fund or at maturity at 102, from 1923 to 1935.

Good yields were also offered in the Public Utility group, with the five more important offerings noted issued on bases varying from 6.40% to 7.15%. Yields of this sort, even in the case of the more obscure concerns, are not likely to prevail with any further adjustment in money rates.

One of the most interesting events in the industrial section was an offering of $30,000,000 crude oil purchase notes by the Sinclair Co. This is the second "commodity bond" to be issued since the deflationary period, the first having been the Copper Producers Association issue. Bankers regard highly issues of this sort, particularly in view of the liquidity of the collateral. Way is being made for a third issue of the sort—this time a coffee loan, amounting to £9,000,000, to be issued against 5 million bags of Brazilian coffee. The coffee bonds, it is understood, will be offered on at least a 7% basis, and will run for an extended period of years.

NEW BOND OFFERINGS

	Amount	Offered to Yield %
STATE AND MUNICIPAL		
State of Illinois..	$6,000,000	4 –3.95+
State of Ohio....	5,000,000	4
City of Providence (R. I.)..	1,000,000	4
City of Detroit (Mich.)	5,546,000	4.25-4.35
City of New Orleans (La.)....	1,200,000	4.40-4.35
RAILROADS		
*Wheeling & Lake Erie Equip. Notes..	$2,649,400	5.40-5.60
N. Y. C. & H. R. R. R. Cons. Mtge.	1,000,000	4.88
*Carolina C. & O. Equip. Notes..	3,588,000	5.30-5.70
*Chgo., M. & St. P. Equip. Notes.	9,500,400	5.35-5.75
Paulista Ry. Co. (Brazil)	4,000,000	7.10
†Grand Trunk Western (Can.) Gold Notes....	1,790,000	5.48-5.75
‡Paris - Lyons - Med. External.	10,000,000	7.25
INDUSTRIAL		
Union Twist Drill 1st Mtge. s. f..	$1,500,000	7.28
Goulds Mfg. Co. 1st Mtge......	1,000,000	6.25
Indiana Steel Mtge., Gold...	7,000,000	5.05
Nat'l Tube Mtge. Gold....	3,000,000	5.05
Holland-Am. Line	30,000,000	6.30
Sinclair Crude Oil Purch. Co. Notes	30,000,000	5.70
PUBLIC UTILITIES		
Potomac P. S. C. 1st & Refdg. Mtge.	$2,155,000	7
Phila. Suburb G. & E. Gold.....	2,000,000	6.50
Ozark Pr. & Water 1st Mtge......	2,000,000	6.90
Manila Elec.....	2,500,000	7.15
Georgia Rwy. & Pr.	3,500,000	6.40

IMPORTANT DIVIDEND ANNOUNCEMENTS

Ann. Rate		Am't Declared	Stock Record	Payable
$4	Allis-Chalmers com...	$1 Q	4-24	5-15
6%	Amer Cigar com......	1½%Q	4-15	5- 1
5%	Amer Dist Tel N J...	1¼%Q	4-15	4-29
4%	Amer Lt & Tract com.	1% Q	4-13	5- 1
4%	Amer Lt & T com stk.	1% Q	4-13	5- 1
6%	Amer Lt & Tract pfd..	1½%Q	4-13	5- 1
$4	Amer Radiator com...	$1 Q	6-15	6-30
7%	Amer Radiator pfd...	1¾%Q	5- 1	5-15
5%	Amer Tel & Cable....	1¼%Q	5-31	6- 1
$6	Atchison common.....	$1.50Q	5- 5	6- 1
$7	Atlantic Ref pfd......	$1.75Q	4-15	5- 1
7%	Br Emp Steel B pfd...	1¾%Q	4-15	5- 3
$7	Brown Shoe pfd......	$1.75Q	4-20	5- 1
$8	Burns Bros com A...	$2.00Q	5- 1	5-15
—	Burns Bros com A...	50c Ext	5- 1	5-15
$2	Burns Bros com B...	50c Q	5- 1	5-15
$4	Burns Bros pr pfd...	$1.00Q	4-20	5- 1
$6	Cons Coal............	$1.50Q	4-15	4-29
7%	Cudahy Packing pfd..	3½%SA	4-21	5- 1
7%	Dominion Coal pfd....	1¾%Q	4-13	5- 1
6%	Dominion Steel pfd...	1½%Q	4-15	5- 1
7%	Durham Hosiery pfd..	1¾%Q	4-20	5- 1
$10	Ed Elec Ill Brockton..	$2.50Q	4-15	5- 1
5%	Fajardo Sugar........	1¼%Q	4-20	5- 1
7%	Fisher Body pfd......	1¾%Q	4-21	5- 1
$10	Fisher Body com......	$2.50Q	4-21	5- 1
6%	General Cigar com....	1½%Q	4-24	5- 1
7%	General Cigar pfd.....	1¾%Q	5-24	6- 1
7%	General Cigar deb pfd..	1¾%Q	6-24	7- 1
—	Gil Safety R—stock	2½%—	5- 1	6- 1
$12	Gil Safety Razor.....	$3.00Q	5- 1	6- 1
$4	Great North Ore.....	$1.00Q	4-17	4-29
$4	Homestake Mining..	25c Mo	4-20	4-25
$7	Hood Rubber pfd.....	$1.75Q	4-20	5- 1
10%	Hupp Motor Car com..	2½%Q	4-15	5- 1
$2	Int Comb Engineering.	50c Q	4-20	4-29
$6	Int Nickle pfd........	$1.50Q	4-18	5- 1
$8	Iron Pdts pfd.........	$2.00Q	5- 1	5-15
$8	Kelly Springf'd T pfd.	$2.00Q	5- 1	5-15
$7	Kelsey Wheel pfd.....	$1.75Q	4-20	5- 1
$4	Kress S H com.......	$1.00Q	4-20	5- 1
$2	Martin Parry..........	50c Q	5-15	6- 1
$2	Miami Copper.........	50c Q	5- 1	5-15
4%	Middle West Ut pfd..	1% Q	4-15	5- 1
6%	Mil El Ry & L pfd...	1½%Q	4-20	5- 1
$8	Mullins Body Corp pfd.	$2.00Q	4-17	5- 1
$7	Nash Motors pfd.....	$1.75Q	4-20	5- 1
7%	National Biscuit pfd..	1¾%Q	5-17	5-31
7%	National Biscuit com..	1¾%Q	6-30	7-15
—	N Y & Honduras Ros.	2½%—	4-15	4-26
5%	Pere Marquette pr pfd.	1¼%Q	4-15	5- 1
5%	Pere Marq'te 5% pfd.	1⅓%—	4-15	5- 1
4%	Pere Marq'te 5% pfd.	1% Q	4-15	5- 1
$4	Piggly-Wiggly com A.	$1.00Q	5-20	6- 1
$7	Pittsburgh Steel pfd..	$1.75Q	5-15	6- 1
$5	Postum Cereal com..	$1.25 ini	4-24	5- 1
$8	Postum Cereal pfd...	$2.00 ini	4-24	5- 1
$4	Pub Serv Invest com.	$1.00Q	4-15	5- 1
$6	Pub Serv Invest pfd..	$1.50Q	4-15	5- 1
8%	Salt Creek Prod com.	2% Q	4-15	5- 1
—	Salt Creek Prod com..	1% Ext	4-15	5- 1
7%	Savannah S Ref pfd...	1¾%Q	4-15	5- 1
$8	Sinclair Cons Oil pfd..	$2.00Q	5-15	5-31
—	Stand Oil Ky—stock	33⅓%—	4-20	—
8%	Stern Bros pfd.......	2% Q	5-15	6- 1
8%	Stern Bros pfd.......	2% Q	8-15	9- 1
8%	Sup Stl 1st & 2nd pfd.	2% Q	5- 1	5-15
$7	Union Tank Car com..	$1.75Q	5- 5	6- 1
$7	Union Tank Car pfd...	$1.75Q	5- 5	6- 1
$8	U S Rubber pfd......	$2.00Q	4-15	4-29
6%	Vacuum Oil	3% SA	5- 1	5-31
—	Vacuum Oil	3% Ext	5- 1	5-31
7%	W'ner, C., 1st & 2d pf.	1¾%Q	3-31	4-27
$8	Woolw'th, F. W., com.	$2.00Q	5- 1	6- 1
—	W'w'th, F. W., com.	$2.00 Ext	5- 1	6- 1

INQUIRIES ON INDUSTRIAL SECURITIES

(*Continued from page* 924)

Stocks	Dividend	Price
Royal Dutch..............	$5.20	63
Worthington Pump	6.00	72
Philadelphia Co...........	3.00	38
United Ry Invest. Pfd.....	....	34
Amer. Can................	....	48

While the bonds recommended are not gilt edge securities, they appear to us to be in a very strong position and to have a good chance of appreciating in value. The stocks are semi-speculative, but we believe if you will purchase a little of each one, your risk will be slight and your chance of making a profit if held for 6 months or a year, excellent.

Wilson & Co. 7½s are convertible into 20 shares of stock at any time up to maturity.

ST. JOSEPH LEAD

Outlook Improves

I have been holding some St. Joseph Lead Co. stock and would like your opinion as to the prospects of the company and whether or not I should dispose of my shares. I have been told it would be best to do so, but it seems to me the company is doing better and I thought I would ask your advice. If you think well to sell, I will let it go.—J. G. W., New York.

We think well of the speculative possibilities of St. Joseph Lead Co. It has outstanding a funded debt amounting to $1,371,100 and $15,494,126 capital stock par value $10 per share, on which dividends at the rate of $1 per annum are being paid. It is true that in 1921, which was a year of great stagnation in the mining industry, operations resulted in a deficit of $1,969,453 after payment of dividends, but the company is in strong financial condition, balance sheet at the end of the year showing a working capital of $4,975,500. The outlook for the coming year is much brighter, and with a better market for its product the company should show improved earnings.

THREE DIVIDEND PAYERS

In a Sound Position

Would like to have you mention three dividend paying stocks of moderate price that return a fair yield and which have a good chance of going higher.—H. G. B., San Francisco, Cal.

We regard the following dividend paying stocks as being in a very sound position and suitable as a semi-speculative investment for a business man.

	Dividend.	*Price.*
Philadelphia Company...	$3.00	38
Pacific Gas & Electric..	5.00	72
Cosden & Company.....	2.50	40

DISENTANGLING THE INTERBOROUGH SYSTEM

(Continued from page 932)

to the Republicans at Albany with the able assistance of the Hearst newspapers, may have aroused some "safety first" qualms in the minds of those up-State as to the future outlook for them continuing in office, so that the transit situation is largely political. If the Republicans play too largely into the hands of the traction interests, they will be killed politically. It must be said in all fairness that the methods of Governor Miller and his Transit Commission have been the most businesslike steps which have been taken in years to provide a proper transit system, and the part they have taken is in decided contrast to the comedy methods employed by Mayor Hylan and his associates. The latter have found fault readily enough but have never made a constructive suggestion.

It is proposed by the Republican Transit Commission to provide a unified system of transportation embracing all the companies in New York City, and to exchange existing securities for new issues of bonds and stocks of the new corporation. The new corporation is to be capitalized in proportion to the property valuations allowed by the Commission. In other words, all of the "water" is supposed to be squeezed out when a unified system is formed. While the matter of accepting the Transit Commission's valuation is purely an optional one with the several companies, the Commission possesses a powerful lever, however, to swing the companies into an accordance with its plan, in that the Commission can compel a service which will yield a return in proportion to the valuation instead of the amount of the company's capital obligations. Take the instance of the Interborough Rapid Transit Company. It is now reporting a surplus on its subway division. Yet it does not seem certain that this surplus will continue if the Transit Commission orders the company to provide a service such as will relieve the serious congestion as exists to-day on its lines. This means that it will probably continue to meet its fixed charges, but there is still an element of doubt concerning the elevated rental, as the elevated is not self-supporting and its rental depends upon a subway surplus.

Position of Securities

Reviewing the securities of the Interborough, the 5 per cent Interborough Rapid Transit Company bonds, due in 1966, appear to be relatively secure in any eventuality. The valuation of the property, by the Commission, is considerably in excess of the market value of these bonds, and, inasmuch as the courts have allowed from 6 to 9 per cent return on an allowed valuation in other cases, the interest on these bonds is assured. Currently quoted in the neighborhood of 66, and yielding over 8 per cent, these bonds are as good a high yield bond as may be obtained at the present time. They are readily marketable and have good chances of appreciation.

The next issue following the 5s of '66 are the 8 per cent notes, due September 1, 1922. It is announced that these notes will be extended for ten years. They are secured by one and one-half times their par value in Interborough Rapid Transit 5s, and it will be noted that the market value of the collateral behind them is nearly 25 per cent greater than the notes themselves. The only speculative feature which they possess, not shared by the Interborough Rapid Transit 5s, is that these notes were largely issued to improve the property of the Manhattan Elevated Railway Company and depend to a certain extent upon the assent of the Manhattan Elevated Railway Company's stockholders to the plan of readjustment. This seems well assured. The writer believes that the notes are to be highly regarded as short-term investments. Selling at 82 they would yield about 11 per cent on a ten-year maturity.

The Interborough-Metropolitan 4½s, representing the stock of the Interborough Rapid Transit Company, are in a rather speculative position. Favorable to them is the fact that the earnings of the Interborough are constantly growing and if continued under the present circumstances of train operation the bonds would undoubtedly soon be in a position to bear interest. This is a feature worth taking into consideration and the bonds may be considered a good speculative opportunity for those who have the funds to invest for such purpose. There will be a ten-point assessment on these bonds if the plan goes through. The unfavorable feature of them is the Transit Commission may order the Interborough to increase its service and thereby limit its profits so as to forbid dividend payments applicable to the interest on these bonds.

The Interborough Consolidated Corporation

We next consider the stock of the holding company, the Interborough Consolidated Corporation. This is highly speculative. If no effort is made by the stockholders to protect their equity in the Interborough Rapid Transit Company and the Interborough-Metropolitan bondholders foreclose on their collateral, the Interborough Consolidated stock, both preferred and common, will be worthless. Should, however, foreclosure proceedings be prevented and the Interborough Consolidated stock assessed so as to raise the necessary $7,000,000, both issues might eventually be worth considerably higher levels. This last supposition is of little likelihood, however.

Manhattan Railway bonds are good speculative issues at the present time. It must not be forgotten that the Manhattan Railway property is slowly but surely becoming obsolete in character. Holders of its securities will eventually be confronted with a property on their hands which will

have to be sold for junk, plus what might be obtained from a judgment against the City. At the present time, there is nothing better to replace this property and it provides a necessary means of transportation, so that until it is superseded by new subways, which will nevertheless be built ultimately, the holders of these bonds are well protected.

Manhattan Railway stock is of course in a much more speculative position than the Manhattan Railway bonds, owing to the low appraisal value of the property by the Commission and the low earning power by the elevated. While the dividend arrangements, according to the new plan provide for three, four and five per cent in consecutive years, there is good reason to doubt that the unified system, if based on the expressed intentions of the Transit Commission, will permit even these payments to be made until they are earned from the direct operations of the elevated property itself after a service satisfactory in every respect has been provided.

Conclusion

It seems strange that in the largest city of the world, the most important means of transportation should ever be allowed to reach a stage of almost hopeless demoralization. As bad as the situation is, the skies are clearing up, thanks to a lowering scale of operating costs, the efficiency of the Transit Commission, and the timely arbitration of Judge Mayer. In fact, the Interborough management is becoming optimistic for the future and is now willing to bear out predictions made in the MAGAZINE OF WALL STREET over a year ago as to a sizable surplus which is likely to be earned in the future. This possibility adds considerably to the speculative attractiveness of the Interborough-Metropolitan 4½s and the Manhattan Railway Company's stock.

GROSS VALUE OF FARM PRODUCTS DECLINES SHARPLY

Value of Crops Drops Fifty-five Per Cent. Since 1919, With Production Down Only Eight Per Cent.

The gross wealth produced by farmers in 1921 had a value of $12,366,000,000, as estimated by the United States Department of Agriculture. This is about two-thirds of the aggregate value of the farm products of 1920, which was $18,263,000,000, and little more than one-half the aggregate for 1919, which was $23,783,000,000.

During the same period, 1919-21, production of 10 crops, which represents about 95 per cent. of the total crop acreage, fell 8 per cent. Placing the average quantity of production of these crops for the 5 years 1910-14 at 100, crop production in 1919 was 108; in 1920 it was 117; and in 1921 it was 100. The quantity of crop production in 1919 was about the asme as during the preceding 7 years; that in 1920 was the largest ever recorded, and that in 1921 was the lowest since 1913.

The aggregate of the total gross values of crops and animal products reported by the census for the census production year 1909 was $8,558,000,000.

MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N.Y.Times 50 Stocks High	N.Y.Times 50 Stocks Low	Sales
Monday, April 10........	79.08	91.11	84.01	78.30	77.25	1,459,925
Tuesday, April 11........	79.08	91.11	83.61	78.30	77.39	1,414,985
Wednesday, April 12.....	79.24	91.77	83.08	78.65	77.51	1,497,308
Thursday, April 13.......	79.61	92.48	83.46	78.81	77.54	1,441,654
Friday, April 14..........			HOLIDAY			
Saturday, April 15.......	79.97	93.06	84.32	79.22	78.39	1,079,986
Monday, April 17.........	80.04	92.75	84.77	79.61	78.08	1,987,254
Tuesday, April 18........	79.94	91.15	83.85	79.25	77.36	1,659,588
Wednesday, April 19.....	79.99	92.52	84.32	79.14	77.57	1,406,844
Thursday, April 20.......	80.20	92.43	84.74	79.81	77.88	1,392,744
Friday, April 21..........	80.13	93.21	84.80	79.86	78.93	1,151,354
Saturday, April 22........	80.33	93.46	84.84	79.84	79.28	766,907

UNLISTED UTILITY BOND INDEX

GAS AND ELECTRIC COMPANIES

	Asked Price	Yield
Bronx Gas & Electric Co. First 5s, 1960 (a)	80 bid	6.42%
Buffalo General Electric First 5s, 1939 (c)	98½	5.10
Canton Electric Co. First 5s, 1937 (b)	95	5.35
Cleveland Electric Ill. Co. 5s, 1939 (b)	97	5.38
Cleveland Electric Ill. Co. 7s, 1935 (a)	102	6.70
Denver Gas & Electric Co. First 5s, 1949 (c)	93½	5.50
Duquesne Light Co., Pittsburgh, 7½s, 1936 (b)	108	6.40
Evansville Gas & Electric Co. First 5s, 1932 (a)	94	5.80
Kansas Elec. Utility First 5s, 1925 (c)	82 bid	10.50
Kansas Gas & Electric 5s, 1922 (a)	100	5.00
Indianapolis Gas Co. 5s, 1952 (a)	87½	5.90
Los Angeles Gas & Electric Gen. 7s, 1931	104	6.40
Louisville Gas & Elec. Ref. 7s, 1932, 1923 (c)	100	7.00
Nevada-Cal. Electric First 7s, 1946 (c)	95	7.45
Oklahoma Gas & Electric Co. First & Ref. 7½s, 1941 (c)	102	7.30
Oklahoma Gas & Electric Co. First Mtge. 5s, 1929 (a)	92	6.01
Peoria Gas Electric 5s, 1923 (a)	99	6.05
Rochester Gas & Electric Corp. Series B 7s, 1946 (b)	110	6.20
San Diego Cons. G. & El. First Mtge. 5s, 1939 (a)	87	6.40
San Diego Cons. G. & El. First Mtge. Ref. 6s, 1939	95	7.10
Standard Gas & Electric Conv. S. F. 6s, 1926 (b)	95	7.30
Standard Gas & Electric Secured 7½s, 1941 (c)	100	7.50
Syracuse Gas Co. First 5s, 1946 (a)	90	5.77
Twin-State Gas & Electric Ref. 5s, 1953 (c)	77½	7.10

TRACTION COMPANIES

Arkansas Valley Ry. L. & P. First & Ref. 7½s, 1931 (b)	100	7.00
American Light & Traction Notes 6s, 1925 (c)	108	3.20
Bloomington, Dec. & Champ. Ry. Co. First 5s, 1940 (a)	69	8.40
Danville, Champ. & Decatur 5s, 1938 (a)	85	6.25
Georgia Ry. & Power 5s, 1954 (b)	89½	5.63
Kentucky Traction & Terminal 5s, 1951 (a)	75	7.10
Knoxville Ry. & Light 5s, 1946 (b)	80	6.65
Milwaukee Light, Heat & Traction 5s, 1929 (a)	93	6.20
Milwaukee Elec. Ry. & Light 7s, 1923 (c)	102	4.93
Milwaukee Elec. Ry. & Light 7½s, 1941 (b)	104	7.15
Monongahela Val. Trac. Co. Gen. Mtge. 7s, 1923 (c)	99	8.06
Memphis St. Ry. 5s, 1945 (a)	70 bid	7.90
Northern Ohio Trac. & Lt. 6s, 1926 (c)	97	6.87
Nashville Ry. & Light 5s, 1953 (a)	86½	6.00
Portland Ry. P. & L. 1st Lien & Ref. Ser. "A" 7½s, '46 (c)	104	7.16
Topeka Ry. & Light Ref. 5s, 1933 (c)	78	8.05
Tri-City Ry. & Light 5s, 1930 (c)	92	6.25
United Light & Rys. Ref. 5s, 1932 (c)	87	6.85
United Light & Rys. Notes 8s, 1930 (c)	105	7.15

POWER COMPANIES

Adirondack P. & Lt. Corp. First & Ref. Gold 6s, 1950	98½	6.15
Adirondack El. Power Co. First 5s, 1962	93	5.35
Alabama Power Co. First 5s, 1946 (a)	91	5.60
Appalachian Power Co. First 5s, 1941 (a)	85	6.30
Calif. Oregon P. Co. First & Ref. 7½s, Series A, 1941 (c)	104	7.11
Cent. Maine P. Co. First & Gen. Mtge. 7s, Series A, 1941	103	6.72
Cent. Maine Power Co. 5s, 1939 (a)	97½	5.20
Cent. Georgia Power First 5s, 1938 (c)	88	6.20
Columbus Power Co. (Georgia) First 5s, 1936 (a)	94	5.62
Colorado Power Co. First 5s, 1953 (c)	87	5.87
Consumers Power Co. (Mich.) 5s, 1936 (a)	93½	5.70
Electric Dev. of Ontario Co. 5s, 1933 (b)	95	5.65
Great Northern Power Co. First 5s, 1935 (a)	87	6.50
Great West. P. Co. First & Ref. 7s, Series B, 1950 (a)	105	6.61
Great West. P. Co. 5s, 1946 (a)	93	5.50
Hydraulic Power Co. First & Imp. 5s, 1951 (b)	95½	5.30
Idaho Power Co. 5s, 1947 (a)	91	5.65
Kansas City Power & Lt. 8s, 1940 (c)	105	7.60
Kansas City Power & Lt. First 5s, 1944 (c)	86	6.10
Laurentide Power Co. First 5s, 1946 (b)	93	5.40
Madison River Power Co. First 5s, 1935	97½	5.30
Mississippi River Power Co., First 5s, 1951 (c)	91	5.60
Niagara Falls P. Co. First & Cons. Mtge. 6s, 1950 (b)	102	5.80
Ohio Power First & Ref. 7s, 1951 (c)	103	6.70
Penn. Ohio Power & Lt. Notes 8s, 1930 (c)	100	8.10
Potomac Electric Power Gen. 6s, 1923 (c)	100	6.00
Puget Sound Power Co. First 5s, 1933	90 bid	6.81
Salmon River Power First 5s, 1952 (c)	95	5.20
Shawinigan Water & Power Co. First 5s, 1934 (b)	97½	5.35
Southern Sierra Power Co. First 6s, 1936 (c)	94	6.60
S. W. Power & Lt. First 5s, 1943 (c)	87	6.15
West Penn. Power First 7s, 1946 (c)	104	6.66

TELEPHONE AND TELEGRAPH COMPANIES

American Tel. & Tel. 3-Year 6s, 1922 (c)	101	4.50
American Tel. & Tel. 5-Year 6s, 1924 (c)	102	5.05
Bell Tel. Co. of Canada 1st 5s, 1925 (b)	95	7.00
Bell Tel. Co. of Canada 1st 7s, 1925 (b)	102	6.40
Bell Tel. Co. of Pa. 1st Refund. 7s, 1945 (c)	108	6.34
Chesapeake & Potomac Tel. Co. Va. 1st 5s, 1943 (c)	93	5.58
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936 (c)	93	5.73
Western Tel. & Tel. Co. Coll. Trust 5s, 1932 (b)	96	5.45

* Investors should note that the "asked" price on a bond may vary from 1 to 5 points from the "bid," depending upon the activity of the security.

DUQUESNE LIGHT CO.

While Company Suffered From Business Depression Last Year, Improvement in Pittsburgh District is Reflected in Better Earnings—The 7½% Debentures

By JAMES N. PAUL

DUQUESNE LIGHT CO., subsidiary of Philadelphia Co., is one of the public-utility properties which is staging a quick come-back as far as earnings are concerned. The company supplies practically all the electric light and power requirements in the city of Pittsburgh and surrounding territory. Earnings suffered considerably in 1921 due to drastic depression, particularly in the steel industry, but the annual report for 1921 showed net earnings after charge-offs sufficient to cover dividends on preferred and common stocks. Philadelphia Co. owns all the common stock outstanding.

Better tone to the steel industry and allied interests which are centered about Pittsburgh is bringing earnings back with a snap this year. A second 60,000 kilowatt unit to the Chiswick plant will probably be ready for operation later in the year and should be reflected by further improvement in earnings.

The $10,000,000 7½% debentures (due in 1936) sold last year to provide additional working capital should appear attractive to the investor who is looking for long-term investment at a fairly high yield. Selling at 108 the 7½ debentures yield 6.40% if held to maturity.

Ozark Power & Water Co.

To the investor who is seeking a low-priced bond which appears to offer possibilities for enhancement in value, consideration of Ozark Power & Water Co. 5% bonds of 1912 maturing 1952 should be given.

The company is a comparatively small one and supplies, without competition, electric light and power service to Pierce City, Granby, Ozark Beach and Diamond, Mo., in addition to supplying a number of other public-utility companies with current at wholesale rates. It has a low-cost hydro-electric generating plant situated on the White River. The plant has a capacity of 18,000 horse-power and provisions for an additional 11,000 horse-power have been made.

Total funded debt of the company is $2,000.000 5% bonds due in 1952. Bonds are a first mortgage on all properties. Net earnings available for bond interest during the past four years have been as follows: 1921, $187,643; 1920, $151,717; 1919, $137,181; and 1918, $140,485. Annual interest charges on the funded debt amount to $100,000. In 1921 interest charges were earned almost twice. The company appears to have good possibilities for future growth, and supplies lead and coal mining interests in addition to many other lines of industry which insures a diversity of demand.

The company's business has been expanding considerably, so that it is now proposed to increase facilities for output. For the long pull, the 5% bonds offer a fairly high yield with prospects for higher prices. Bonds are selling around 76, yielding 6.90 if held to maturity.

FOREIGN TRADE AND SECURITIES

(*Continued from page* 903)

land is illustrated by the fact that call funds are quoted at 1% and by the recent lowering of the Bank of England's discount rate from 4½% to 4%, an action taken independent of the New York Federal Reserve Bank. The development reflects the comparatively light demand for money on the other side as compared with here, a condition that can hardly fail to forecast an upturn in the business tide in the not-far-distant future. Also, as pointed out elsewhere, the lower English rate is likely to encourage foreign borrowing in the London market, giving that market the edge in the competition with New York in flotation of foreign issues. On the other hand, the scant demand for funds in England indicates a considerable slackness of trade abroad, which is a condition that should not be lost sight of in considering the foreign trade figures noted above.

Conclusion

Basing opinion somewhat on recent experience this side of the water, the tendency is to look forward to a steadying of British trade, followed by a substantial upturn. Not a few British bankers are said to be predicting the recovery of the Pound Sterling to the full normal level before many months have passed; and a similar upturn is expected in British trade prices, which, in some cases, are held to be excessively undervalued.

The country faces labor disputes of overwhelming importance, however; and, as well, the complications offered by the Genoa Conference, especially as regards financing reconstruction in Russia, are serious. It is safe to say that, if these two obstacles could be overcome, the country would have plain sailing ahead. Pending further developments, judgment must be held in abeyance.

PRESENT POSITION OF THE "CHEMICALS" AND "FERTILIZERS"

(*Continued from page* 920)

been relatively well sustained since 1896. From 1904 to 1908 and from 1914 to 1916 payments were omitted, but in all the other years the junior stockholders received some disbursement. The last payment on the common was February, 1921, and dividends upon the 8% cumulative preferred were suspended April 15, 1921.

Financial Position Improved

At the end of May, 1921, the balance sheet showed heavy accounts receivable, indicating the inability of the farmers to meet their fertilizer bills and, naturally, bills payable were at unusual totals. While there are no current figures available it may be safely said that the general treasury and financial position of the company is much easier now than it was a year ago, and Virginia-Carolina, as with the American Agricultural Chemical Company, is in a period of convalescence and recuperation and is awaiting an actual recovery in business, which must be dependent upon the restoration of the buying power in the agricultural communities. The adjustments in inventory have been made, however, and even though the volume of business done will be considerably smaller than during the past few years the company ought to be able to work out some profits.

Interest on the various bond issues seems relatively well protected, notwithstanding the poor record of a year ago, and the debenture 7½s/1932 are a legitimate business man's risk, although they are not a mortgage bond.

Conclusion

Neither the preferred nor the common is paying dividends, but a guess might be ventured that dividends upon the senior stock can be resumed within a year, but no such promise can be held out as to dividends on the common, and until that promise can be made it would seem impracticable to expect the common stock to have a sustained advance from present levels.

INTERNATIONAL AGRICULTURAL
Preferred Stock Holds Possibilities

The International Agricultural Corporation has been the least prosperous of the so-called fertilizer companies, and as a result the corporation has not been able to maintain an unsullied record as to dividend obligations. Like other fertilizer concerns and acid distributors, there was plenty of money for the company in the war period. In the five fiscal years ended June 30, 1920, total earnings on the $7,260,000 common stock were over $60 a share, but no dividends have been paid on the issue. In the year ended June 30, 1921, there was a deficit of about $2,300,000 after bond payments, due to the same causes that affected the business of the other corporations operating in the same lines.

At present accumulated dividends on the 7% preferred stock amounts to 49¾%. From 1918 to April, 1921, the senior shares received dividends at the rate of 5% a year, but payments were then suspended. There is no present talk of a resumption of dividends.

As of June 30, 1921, International Agricultural Chemical had a floating debt of over $14,000,000, but by the end of the year this had been reduced approximately 20%. The fiscal year of the company does not end until June 30th, and there is no present way of estimating earnings. It is not thought, however, that they will be particularly good, as the management

has been devoting all of its energy during the past year to rehabilitating the financial position and endeavoring to recover from the shock of the business depression.

The war prosperity did one thing for International Agricultural, and that was to convert a profit and loss deficit into a profit and loss surplus, so that this surplus, which stood at $1,250,000 as of June 30, 1921, after absorbing the losses of that year, was much more encouraging than the position as of June 30, 1914.

Capitalization

The capitalization of the company is preceded by an issue of $9,000,000 first mortgage 5% bonds 1932, and these securities ought to be accorded a good investment rating and to be a desirable commitment for one who is able to keep fairly well posted regarding general developments in the fertilizer business. While the preferred stock is speculative, the large accumulations are some attraction, and there is also a hope that a business recovery will enable the resumption of dividends. The position of the common is purely speculative, and the stock not especially attractive with no outstanding features.

TENNESSEE COPPER & CHEMICAL
Favorable Outlook

A minor member in the fertilizer and chemical group is the Tennessee Copper & Chemical Corporation, which has outstanding 794,224 shares of stock of no par value preceded by an issue of $1,141,000 first mortgage 6% bonds due 1925. The company paid a dividend of $1 a share in May, 1918, but has made no payments since.

Originally the company was organized as a copper producer, and while production of copper is still about 10,000,000 pounds annually, the main part of the business is the manufacture of sulphuric acid. The demand for sulphuric acid is much smaller than it was during the war, and it is understood that Tennessee Copper has plans to develop the fertilizer end of the business.

The annual report for 1921 is not yet published, but in the eight months ended August 31, 1921, earnings were equivalent to 5 cents a share, after allowance for inventory adjustments and depreciation.

During the war period Tennessee Copper was handicapped by a contract with the International Agricultural Corporation for the sale of sulphuric acid, a contract which proved to be unprofitable. The company is now free from this contract, and the understanding is that it is in a position to sell its output of sulphuric on more favorable terms.

Conclusion

The stock is, of course, speculative, but in view of the stronger financial position of the company, its release from the unfavorable contract with International Agricultural, and the improving position of the fertilizer industry, it offers a fairly good opportunity if held for a reasonable period.

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date

Aeolian Weber	— 15
Pfd.	35– 65
American Piano	60– 65
Pfd.	80– 86
American Type Founders	47– 50
Atlas Portland Cement	50– 55
Babcock & Wilcox	114–116
Borden Co.	109–111
Celluloid Co.	104–107
Childs Co.	109–112
Crocker Wheeler	45– 55
General Baking	97–101
Jos. Dixon Crucible	132–138
Ingersoll-Rand	150–158
H. W. Johns-Manville	400–430
New Jersey Zinc	144–146
Niles-Bement-Pond	53– 55
Phelps-Dodge Corp'n	160–170
Royal Baking Powder	105–114
Singer Mfg. Co.	96– 98
Stetson (John B.)	300–310
Thompson-Starrett	55– 60
Victor Talking Machine	1000–1050
Ward Baking Co.	111–114
Yale & Towne Mfg.	285–300

Unlisted Stocks Strong

STRENGTH in listed securities was reflected in the market for over-the-counter stocks during the fortnight before going to press, and numerous important advances were registered.

One of the most important changes was a move in Borden Co. common stock, which gained almost 10 points during the period, reflecting a growing appreciation of the company's position.

There was also an improved demand for American Piano, bid price on which moved up 3 points, and Atlas Portland Cement, which registered a similar advance. Both these securities were made the subject of analysis in recent issues of the MAGAZINE, it being shown that the comparatively high yield they offer at current prices marked them as out of line with the rest of the list.

Those who make it a business to study the nationally known investments represented in the over-the-counter market find that a number of other issues dealt in here are selling at present prices largely through lack of appreciation of the position of the issuing companies. Closer study of this market, and the confinement of dealings to none but the highest grade brokerage houses should be found well worth while.

Joseph Dixon Crucible Co.

THIS department hinted, some weeks ago, that the position of the Joseph Dixon Crucible Co., and its past record, reserved consideratio nof investors. It is now possible to present statistical data showing the comany's scope, which is done in the table below.

Besides being a leader in its field at the present time, Joseph Dixon Crucible has a history dating back nearly one hundred years, the business to which it succeeded having been established in 1827. The present company was incorporated in New Jersey in 1868, and in 1873 it ab-

JOSEPH DIXON CRUCIBLE

(Last three figures omitted.)

Assets	1917	1918	1919	1920	1921
Real estate and buildings	$2,011	$1,925	$1,307	$1,692	$1,697
*Equipment	596	341	363	423	430
Securities and investments	862	1,763	1,433	958	916
Inventory	4,416	3,161	3,227	3,150	3,605
Cash	86	305	198	452	266
Accounts and bills receivable	1,771	1,279	1,741	2,298	1,776
Foreign agency	20	....	....	....	....
Total	$9,763	$8,773	$8,268	$8,973	$8,691
Liabilities					
Capital stock	$2,000	$2,000	$2,000	$5,000	$5,000
Current debt	14	233	298	401	327
Reserves	2,771	1,384	....	....	....
Surplus	4,977	5,156	5,970	3,572	3,364
Total	$9,763	$8,773	$8,268	$8,973	$8,691
Working capital	$7,121	$6,285	$6,301	$6,463	$6,236

* After depreciation.

sorbed the American Graphite Co., whose plant was located at Ticonderoga, New York.

The company manufactures black lead crucibles, lubricating graphite, lead pencils, graphite paint, stove polish, graphite axle grease and other graphite products. All of these products, it is noted, are of practical and universal utility, and they have a market which is not likely to contract under any conditions.

Its plant is located at Jersey City, N. J., and it owns graphite mines at Ticonderoga as well as a cedar plant at Crystal River, Florida.

As will be seen from the table, the company's $5,000,000 of capital stock, par value $100, constitutes the entire capitalization, there being no funded debt. Current debt—accounts and notes payable—has been confined to a very small sum through Joseph Dixon's career, amounting to only $372,000 as of December 31, 1921.

The company's working capital, as the figures show, amounts to substantially more than $100 per share of stock outstanding. The surplus as of December 31, last, amounts to over $60 per share.

Even though the company does not publish an income account, the foregoing facts seem enough to establish its financial position sound to a degree not usually attained by industrial companies.

Joseph Dixon has a dividend record which is quite as impressive as its present financial position. The following is the record:

1900–1902	6%	
1903–1907	12%	
1908–1910	6%	
1911	9	
1912	16	
1913	20	
1914	12½	plus 100% stock
1915	7%	plus 7½% extra
1916	5%	plus 45% extra
1917	5%	plus 95% extra
1918	10%	plus 40% extra
1919	20%	
1920	15%	on $2,000,000 stock
	150%	stock dividend
	2%	on $5,000,000 stock
1921	8%	

Joseph Dixon Crucible stock, at this writing, is available in the over-the-counter market at 138. At that price, it offers an income yield of over 6%, which, in the light of the company's remarkable financial position, makes it appear one of the most attractive issues on the list. Bought outright, through reliable brokers, it merits the attention of those who occasionally buy high-class investments with the idea of salting them away.

NEW-BOOK LETTER

The Americanization of Edward Bok

Here is the living story of one of America's most successful and most interesting self-made men—a man who came to this country as an immigrant in his early youth and who, by applying common sense and humaneness to the publishing field, developed into one of the country's best known editors.

For the casual reader, "The Americanization of Edward Bok" is as bright and readable as a novel. For those who would make a study of the methods by which business men and publicists achieve success, the book is instructive as well as inspiring. It is a biographical study of unique value.

MEXICAN SEABOARD OIL CO.

(*Continued from page* 934)

pas, Mexico, were acquired, and since, additional acreage has been added by lease, option and purchase amounting to 2,000,000 acres. Development work, begun in September, 1920, was pressed vigorously, and a large number of wells have now been completed or partially completed in the Toteco field—one of the richest producing areas in Mexico, which entire field, totaling 7,000 acres, is, with the exception of 320 acres, owned by Seaboard.

The company's immense productive capacity was first emphasized by the closing of a contract, effective April, 1921, with the Standard Oil Co. of N. J., calling for a minimum of 45,000 barrels of oil daily for a period of 2½ years, or a total minimum supply of over 40,000,000 barrels—one of the largest single contracts entered into by any oil-producing company in the history of the industry. According to official opinion, however, this contract does not begin to measure the possibilities. Mexican Seaboard, grouping all contracts for oil under which it is now operating, has engaged to deliver a total of between 80,000 and 100,000 barrels of oil daily. The company is actually producing this amount and is doing it from only one or two of its wells.

Dividend Payments

That the company's profits are comparable with its production is indicated by its financial history to date. There are outstanding 935,939 shares of no par value. Dividends amounting to $2.50 per share of common stock were paid last year. A large block of the original $10,700,000 debentures were retired. In the current year to April 15th, Mexican Seaboard has paid a total of $2.50 per share. Also, it has retired some of its bonds, bringing those outstanding down to $7,000,000.

These actual disbursements indicate the size of the company's earnings in comparison with its capitalization. Nevertheless, they do not tell the whole story.

Earning Power

The real earning power of the Mexican Seaboard Oil Co. is indicated by the statement, made without qualification by those close to the company, that the entire remainder of the bonded debt—or $7,000,000—will be paid off out of earnings for the current year, possibly by October; and, furthermore, that a total of not less than $6 or $7 per share will be paid in dividends for the year. This program, it is interesting to note, would call for approximately $13,000,000, or more than $13 per share of capital stock outstanding. But this is not all. Taking into consideration development and drilling expenses, and the disbursements noted above, it is anticipated that the company will be able to set aside a cash reserve of over $6,000,000 by the end of the year.

Earnings

In round figures the company's earnings are running at $2,800,000 per month, or somewhere about $35,000,000 per annum, so that all of these indications as to divi-

dends, reduction of bonded debt and accumulation of cash capital, do not require any great stretch of the imagination. If the anticipations of its operating officials are realized, stockholders who purchase these shares at around its present price, namely, $42 per share, would receive a larger return on their investment than is possible in other similar securities. Mexican Petroleum, for example, is paying $12 per share and selling at $132, netting about 9½%. If Mexican Seaboard pays $7 this year, it will yield over 16%. It is said that Mexican Petroleum's statement for 1921 will show $38 per share earned. This is practically the same as Seaboard's, which is selling at one-third the price, so that the same amount of money will buy three times as many shares of it.

Stock Closely Held

In addition to the 501,000 shares held in the voting trust, another interest holds a large additional block. The floating supply is, therefore, small. This is a strong point in its favor, for the stock has never been distributed, its stockholders are few, wealthy, and they fully realize the possibilities in the company's development.

Another important holding of the Mexican Seaboard consists of the Agua Nacida property, lying directly south of Toteco in line with the so-called Golden Lane. The company is now drilling two or three wells on this property and it is anticipated by the management that this section will prove of great productive potentiality. A recent contract between Sinclair Consolidated and Mexican Seaboard calls for a pipe-line connection in Panuco, which will be completed by the latter about May 15th, and for the delivery of 10,000 barrels of oil daily. Additional wells are being drilled on the Panuco property, and it is expected that this production will be increased.

Conclusion

Taken by and large, there are few more interesting situations than that described above, and although comparatively few people in Wall Street are familiar therewith, we believe that from now on these developments will be watched with a great deal of interest, both by those interested in the company as well as by its competitors.

THE NEW BOOK LETTER

THE GOLDEN HORDE, *A message to the Genoa conference, by* A. O. CORBIN.

Wealth, Money, Currency, Exchange! Books galore on these subjects, but nobody reads them.

Robinson Crusoe and his islanders after the war with the Cannibals had the same currency problems, the same inflation, the same economic disturbances the world is facing today, only on a smaller scale. An analysis of their troubles is discussed in this book which gives a vivid and remarkably clear description of conditions as they existed at that time, and in a most fascinating way leads up to a logical solution of the present dislocated exchange situation. An invaluable book for dealers, investors and students of economics.

HOW GRAIN QUOTATIONS ARE MADE

(*Continued from page* 909)

tance regarding grain, provisions, seeds and forage crops. This valuable service is really performed for the general public as much as for the members of the Board of Trade. Every effort is made to facilitate the prompt diffusion of the facts obtained, and this information, with absolutely no restrictions, is sent broadcast for the benefit of producer and consumer, buyer and seller, alike.

The value of the prompt and elaborate collection of trade information furnished by the Board of Trade is manifold. In the first place, it makes possible the discounting of the future, *i. e.*, it enables dealers and speculators to exercise their best judgment at once in the form of actual transactions, and thus to reflect this current information in the quotations long before it would otherwise be impressed upon the general public. For example, the effect of a short or bumper crop upon prices is reflected, that is, discounted, weeks in advance. The United States Department of Agriculture publishes monthly elaborate crop reports which are given the widest circulation, but it generally happens that these reports cause scarcely a ripple in the market. Dealers have ascertained the condition of the crop long in advance of the government's report, and when the good or bad news becomes common property its effect is apparently lost. The news has already been discounted, and the market has already gradually adjusted itself to a lower or higher level in accordance with the gradual improvement or deterioration of crop conditions.

In the second place, this information steadies prices. The daily discounting of current events makes unnecessary a sudden rise or decline in price upon the wide publication of events which have been slowly developing. An elaborate statistical compilation of prices covering a period of 40 years, issued some years ago by the United States Industrial Commission, one-half of this period ante-dating dealings on grain exchanges and the other half following the introduction of such exchanges, show clearly that the fluctuations in the price which the farmer received for his grain was not nearly so great duing the twenty years when exchanges were in operation as it was prior to the existence of grain exchanges.

A Valuable Service

Without the statistical service furnished by the Board of Trade, which makes possible the immediate discounting of information, the farmer would find himself in a most defenseless position, unable to know the fair value of his crop from day to day, because transactions, if private, would not be recorded, might be designed to mislead, and certainly would not be representative of the general judgment. He could be easily misled by unscrupulous counsellers into selling his produce far below its fair value. To-day, however, every newspaper of any importance in the country gives daily quotations for the preceding day, and the holder of grain cannot be deceived as to the price.

The information disseminated by the Board of Trade also helps to regulate the rate at which the year's crop is consumed. It has already been pointed out that this information includes the "visible supply" on hand, which may be defined as representing all grain which is stored in warehouses, elevators, cars or boats, and which is available for purchase. It is a well recognized fact that the exchange quotations for contracts which call for future delivery in the new crop months depend not entirely on the prospects of the new crop, but are vitally influenced by the smallness or largeness, as compared with previous years, of the old crop yet unsold, as reflected by the visible supply, or by statistics relating to holdings which have not yet left the producer.

Regulating Consumption

The Board of Trade periodically publishes visible supply tables covering all holdings of grain. Such tables not only enable prospective purchasers to know just where they may look for marketable grain, but also makes it possible for dealers to judge the amount of available grain in the market throughout the country; and, when viewed in connection with similar statistics of former years, will serve as guides in determining price, and by doing this exert an effective influence in regulating the consumption of the crop. If the visible supply, considered in connection with the known stocks of grain still in the farmers' hands, is unusually low as compared with the same supply a year ago, it is likely under normal conditions that the price will be bid up and consumption decrease, and if unusually high it may be expected that prices will decline and consumption increase. In this way the movement of prices will indirectly benefit the community by regulating consumption so that each year's crop, whether large or small, just happens to meet the needs of the consuming world.

There is no business so important to the general welfare as that of grain and provisions—the world's foodstuffs. No other kind of business is conducted more openly, and so directly with reference to the common welfare. No other kind of business is more free from restraint of trade. It has no monopolistic feature whatever, and permits the unhindered and healthful play of the forces of competition. It has no credit system. Cash attends every trade, and, in the case of sales for delivery at a future time, ample margins for security may be obtained.

The volume and value of the chief grain crops of the West fix rates of interest, and determine to a large extent rates of transportation and the volume of interstate commerce; they measure the extent of credits given by merchants and bankers and place a proper value on all kinds of collaterals; in fact, directly and indirectly, the crops of the Mississippi valley affect every financial interest from one end of the country to the other.

PRICE MOVEMENT AND ITS RELATION TO BUSINESS

(Continued from page 907)

of Germany is low as compared with the foreign value of the mark, it is evidently possible for foreigners to purchase with their own money quantities of marks which they then employ in the purchase of goods in Germany. The effect of this process is to bring about an artificial or abnormal activity of exportation. A similar situation is found to exist with reference to securities.

During the past year a process of rearrangement has been going on in Europe and the United States whose principal effect has been the adjustment of prices and exchange rates to one another at least in some degree. As the matter has been expressed in the Federal Reserve Bulletin:

"At the beginning of 1919 prices in the United States were a little less than twice as high as they were before the war. In England they were about two and a quarter times as high; in France, Italy, and Sweden, between three and three and a half times as high. Under normal conditions foreign exchange rates would have shown similar depreciation, but at that time exchange rates were stabilized near their pre-war values by international agreements between the various Governments and therefore did not react to the true depreciation of the internal purchasing power of these currencies. With the unpegging of the exchanges, however, there was a rapid fall in the dollar purchasing power of the European currencies, and by August, 1919, prices in the United States, England, France, and Italy, expressed in terms of dollars, were relatively adjusted to the values of the different currencies. In the autumn and winter of 1919 prices advanced in all these countries, but at the same time there was a greater depreciation in the French and Italian exchanges than the internal price levels warranted. The result of this was that whereas in February, 1919, the dollar purchasing power of the currencies of these two countries had been abnormally high, by February, 1920, they were abnormally low as compared with the American price level. In other words, at this latter date the dollar had a much larger purchasing power in France or Italy than at home, while the reverse had been the case in February, 1919. This overdepreciation of French and Italian values, as well as the more extreme case of German mark depreciation, continued through 1920, but in the case of France and Italy had become of relatively small importance as early as the fore part of 1921.

Variations in Prices

Changes in the gold purchasing power of francs, lire, and dollars moved in fairly close harmony throughout the past year. Since the summer of 1921 there has been an even closer agreement between British and American prices, due to the continued fall of prices there and the relative stability of prices here. On the other hand, prices in Germany, when figured in terms of dollars, continue to be very much lower than elsewhere. In the accompanying table are furnished index numbers taken from the computations appearing in the *Federal Reserve Bulletin* which represent in a general way the comparative price levels in important countries, all expressed in terms of dollars. These indexes were obtained by multiplying the price index of each foreign country by a relative showing the depreciation of the exchanges in terms of dollars.

It is apparent from the table on the next page that at the present time there is tolerably close equilibrium of British, French, Italian, and American prices, but that Swedish prices are still abnormally high and German prices abnormally low. This progress in the restoration of international comparability of prices upon a basis similar to that which existed before the war is of utmost importance. It tends powerfully to restore foreign trade to a normal condition and to abolish unfair competition as well as to regularize gold movements."

Stabilization and Prices

The bearing of all this upon the stabilization of the exchanges and vice versa is now evident. By stabilization is meant the definite fixing of a specified rate of relationship between the currencies of different countries and presumably the maintenance of gold redemption of those currencies from that time forward. If,

for example, the franc should be stabilized in value at about ten cents this would be equivalent to a repudiation of 50 per cent. of the old pre-war value of the franc and would presumably mean that the French Government, or the Bank of France, was prepared to convert paper and banking credit stated in francs into gold at a ratio of about ten cents gold value per franc. As the current exchange value of the franc has lately been around nine and one-half cents, the substantial effect of any such step would be to fix French prices at approximately their present level and to bring about a gradual adjustment of wages, freight rates, fees, etc., through the price level thus established. International competition would thus be greatly facilitated and the result would be adjustment of trade between France and the United States on the footing or level so provided.

Another case of this sort may also be considered. Suppose that it should be determined to stabilize the German mark at, say, one-half cent per mark. The mark being now in the neighborhood of three-tenths of a cent, this would mean that in order to maintain gold redemption, Germany would have to provide herself with sufficient gold to convert marks into that metal according as they might be demanded. One result of such action would be immediately to raise the value of the paper and credit mark to one-half cent and its value would remain there so long as experience showed that the government meant or was able to make conversion at that figure. The result would be to check the upward movement of prices in Germany and to stabilize it below its present figure since it would have to adapt itself as soon as it could to the raised value of the mark as compared with price levels in other countries. In bringing this result about, Germany would undoubtedly have to provide and export a certain amount of gold, while at the same time there would be competition between German and foreign manufacturers and producers to such an extent as to establish the necessary balance of trade in favor of Germany to provide for the payment of marks that might be returned to us from other countries. Moreover, the adjustment of the price level would result, no doubt, in establishing new conditions of international competition in business in so far as trade between Germany and gold-using countries was concerned.

Elimination of Speculation from Business

The price situation at the present time is (and has been such since the close of the war) as to make business practically little more than speculation. This is certainly true in its international aspects, but in a measure it is also true of the domestic aspect of business because domestic prices, as already shown, are so closely related to foreign prices through the influence exerted upon them by fluctuations in export and import trade. It is doubtless for this reason that Mr. Lloyd George in his plans for the Genoa Conference made the stabilization of exchanges a foremost factor of the program. The preliminary program for the conference as made up by Mr. Lloyd George included the following terms:

First—Examination into means for putting into execution the principles contained in the Cannes resolution of January 6, 1922.

Second—Establishment of European peace upon a solid basis.

Third—Conditions necessary to the restoration of economic confidence without endangering or altering existing treaties.

Fourth—Financial questions, such as currency, paper money, banks, and banking systems.

A careful scrutiny of the preliminary list of agenda and a comparison of it with the announcement that has been made since the opening of the Genoa Conference shows that banking and currency and their exchange relationships constitute the underlying factor in nearly every one of the items outlined, being closely interdependent with the discussion even in those cases where some other factor is of predominant importance.

It is interesting to observe that the plan of stabilization which Mr. Lloyd George now proposes, as set forth in his address in the House of Commons on April 3, points directly to the revaluation of foreign currencies and away from the use of the artificial plans of stabilization which have been employed in the past and are still advocated in various quarters. If there should be such a revaluation or devaluation of currency the effect of it would undoubtedly be to bring about a more or less permanent fixation of permanent price levels with their present relationship to dollars. In that sense stabilization would have taken place, but it would be a kind of stabilization obtained through the repudiation of a part of the

Internal Price Levels of Foreign Countries in Terms of Gold, as Compared with the American Price Level

	United States	United Kingdom	Sweden	Italy	France	Germany
1919—February	189	217	376	261	323	...
August	218	223	298	221	266	...
1920—February	242	227	244	179	202	*76
August	234	245	286	171	196	155
1921—February	154	180	208	116	140	101
August	142	146	156	121	133	92
September	143	148	148	126	130	83
October	141	149	150	123	124	80
November	140	144	151	127	124	55
December	138	147	157	137	133	79
1922—January	138	147	158	127	133	86
February	142	150	162	...	138	99

* Abnormally low for that period, owing to break in foreign exchange rates resulting from political factors. Internal prices did not adjust to exchange rates.

value of the currency units of the various countries.

Whatever may be thought of the advisability or ethics of such a plan, it is the one which is now unquestionably favored by a majority of the technical experts and which is evidently making its way in the minds of statesmen as the meeting at Cannes and the present conference at Genoa clearly show. The effect of it may easily be to bring about a much more stable relationship of foreign exchange in the near future and therewith to fix the price levels of the various countries as nearly as possible around their present bases. Nevertheless it is evident that any such adjustment will meet with great difficulties in those countries where the price levels have become most depreciated, such as Germany, Austria and the even less favored countries to the east and south of those nations. In these cases the introduction of an entirely new standard of value may be necessary with the resultant readjustment of price levels to correspond. If such fixation of price levels through stabilization of foreign exchange can be brought about the result may be to give the world in the not too distant future something like the stability of prices which existed before the war. But in any such arrangement it should be admitted that however carefully an adjustment may be effected it will nevertheless be contingent upon the ability of price adjustment on an international basis. This is because no re-establishment of relative currency values can be so carefully and accurately put into effect as to avoid disturbances of a more or less serious description. While these are going on export and import trade and relative values of securities will be disturbed in a somewhat like degree. Such disturbance, however, will be far less than that which must inevitably result from the present unregulated fluctuations of currency and exchange values between different countries reflected as they are in great disturbances of prices with corresponding inability to forecast the current of events in foreign trade. In the adjustment which must follow any official effort to fix exchange rates by the Lloyd George method it will be necessary for the investors and traders generally to follow closely the movement of exchange quotations in conjunction with the movement of prices. By so doing they will greatly minimize business and investment losses to which they would otherwise inevitably be exposed.

The Motor Truck Industry

The motor truck is rapidly but surely taking its place as one of the foremost methods of transportation. Its extreme usefulness has been fully demonstrated. Both in city and rural work, horses have been displaced and are being displaced, as the economic value of the motor truck is realized. It is estimated that on a farm one truck and two tractors can displace 20 horses, with a saving of $2,700 per annum. The value of the motor truck for short hauls during the recent railroad congestion was fully shown. Any number of motor express companies have been organized and old horse and wagon express companies are substituting the more practical truck.

STRIKING OPPORTUNITIES IN INDUSTRIAL BONDS

(*Continued from page* 911)

vides for the *retirement of the entire issue at* 120 *and interest* by drawing by lot $750,000 bonds on each interest date beginning November 1, 1921. This provision is highly important for two reasons: first, because a holder of the bonds is assured of eventually receiving $1,200 for each $1,000 of bonds either at or before maturity, and, second, because the equity of the outstanding bonds is being constantly strengthened, as the issue is a closed mortgage, the outstanding amount of which will be regularly reduced by the semi-annual redemptions. Bonds redeemed by the sinking fund and cancelled cannot be reissued.

At the present time these bonds are selling at about 115, which represents a considerable appreciation from the original offering price of 99. The bonds, nevertheless, are cheap at this price. Considering the fact that all bonds will be paid off at 120, a price of 115 in reality represents a discount of about 4.16%. In other words, considering the par value of the bonds to be 120, the adjusted interest rate would be 6.67% (8% ÷ 120), and a purchase at 115 would be equivalent to buying a 6⅔% security at a price of 95.84, on which basis the yield to maturity is something over 7%.

Balance Sheet

As to the strength of these bonds, attention is directed to a balance sheet, dated December 31, 1921, which the company has quite recently issued. This statement showed current assets of over $66,300,000 against current liabilities of only $6,200,000, indicating a working capital of about $60,000,000 and a ratio of 11 to 1. Of the current assets more than $23,800,000 was in cash and U. S. Certificates of Indebtedness. Adding to the net working capital, plant and property account, less liberal depreciation, of $53,126,735 and interests in subsidiary companies valued at $29,690,257 and deducting miscellaneous reserves of $6,123,003, the net tangible assets amounted to over $136,700,000, or an equity of nearly $5,000 behind each $1,000 face value of first mortgage 8s, which were then outstanding in amount of $29,250,000, $750,000 having been redeemed on November 1, 1921 under the sinking fund. These figures did not take into consideration an item of miscellaneous assets of $12,500,000, said to be made up of miscellaneous investments, goodwill, patents, etc., and deferred charges of $6,818,684.

A statement of income for the ten months following the reorganization ending December 31, 1921, showed net profits of $9,640,235, or over 5½ times interest and premium requirements for the period on the first mortgage bonds of $1,714,861. This was quite a remarkable showing, as it was made over a period when general business was extremely poor and also for the reason that sales and profits included the liquidation of the Finished Product Inventory of February 28, 1921, amounting to $19,622,250, on which no net profit was realized.

If Goodyear is able to report earnings like this over a period of extreme depression there should be little doubt as to the company's potential earning power and with tangible assets of nearly 5 to 1 of outstanding First Mortgage Bonds, which ratio will steadily increase as additional bonds are redeemed, there should be no question as to the underlying strength of this security.

Debentures

The Debenture 8s of 1931 are also very attractive, although they are, of course, not as high grade an issue as the First Mortgage 8s. However, after deducting the first mortgage bonds at par from the figures given in the foregoing paragraphs it will be seen that the equities back of the debentures are very large. Earnings, too, show a wide margin over debenture interest requirements. These Debentures carry a sinking fund provision which provides for the *redemption of a large part of the issue, before maturity, at* 110 *and interest and all bonds not redeemed will be paid off at maturity at* 110.

At their present price of about 102 to 103, figuring that the bonds will all be paid at 110, the yield is in the neighborhood of 8½%. This is an unusually high yield and is decidedly out of line with other issues comparable with the Goodyear debentures. Goodyear debentures are a splendid business man's investment and in the writer's opinion they may be purchased with confidence.

STEWART-WARNER 8s

While we are on the subject of automobile and automobile accessory companies the writer again wishes to call the attention of the readers of the MAGAZINE OF WALL STREET to the Stewart-Warner Speedometer Five-Year Convertible 8s of 1926. These bonds were recommended in the March 18th issue of the MAGAZINE when they were selling at about 103—they are now in the neighborhood of 108 to 110, selling on the N. Y. Curb. The feature of the bonds lies in the fact that they are convertible into the common stock at $40 per share, or 25 shares of stock for each $1,000 bond, so that every point the stock sells above 40 will cause an appreciation of 2½ points in the bonds. The stock is now quoted at about 41.

Company's Optimism

Stewart-Warner recently issued its annual report for the year 1921, which showed a net profit, after all charges, of $1,039,572, the equivalent of over $2.00 per share of common stock outstanding. These earnings were *after* allowance had been made for the inventory of over $500,000, and were remarkable owing to the depressed conditions of the automobile business during last year. The company is looking forward with a great deal of confidence as can be seen from the fact that the dividend on the common stock was recently increased from 50 cents

quarterly to 75 cents quarterly. As a $3 stock, Stewart-Warner is not high at 40 and with continued high earnings and a favorable market, it should work higher to the advantage of holders of the convertible bonds.

Security

The company's financial condition is excellent. December 31, 1921, balance sheet showed current assets of $7,167,716 against current liabilities of $991,993. Cash on hand together with marketable securities amounted to over $3,000,000. Net tangible assets totalled over $11,400,000 behind outstanding 8% Convertible Bonds of only $2,000,000. This figure did not include trade name, good-will, etc., carried at $10,600,000.

The stock, into which the bonds are convertible, is now paying a dividend at the rate of $3 per share per annum and if this rate were to be increased to $4, the market price might easily run up to 50. This would mean a price of at least 125 for the bonds, and with the stock at 60, bonds would be worth 150. The bonds are now redeemable at 104 and interest, but it is doubtful if the privilege would be exercised until the stock gets to a point where the company will be assured that all bonds will be converted.

The equities behind the bonds are large and there should be no doubt as to their safety. If the stock performs properly a very large profit may be made in the bonds while possible losses are limited to the amount of premium paid for the bonds.

ATLAS POWDER 7½s Atlas Powder Company 7½s of 1936 is another issue which combines sound investment with speculative possibilities through a conversion privilege. The bonds were reviewed not very long ago in the pages of this MAGAZINE so it is unnecessary to go into a detailed description of them. They are listed on the N. Y. Stock Exchange, selling at the present time at about 104, yielding in excess of 7%.

These bonds are convertible into the common stock of the company at $125 per share. The stock is paying dividends at the rate of 12% and is quoted in the "over the counter" market at the present time at about 115. The annual report for the year 1921 shows interest charges earned about 4 times and after all charges about $1.71 per share remained for the common, the remainder of the dividend being paid out of surplus. The report states, however, that "during the last four months of the year, earnings were at the rate of 15.2% on the common stock, after all other deductions were made." With continued improvement over 1922 there is every possibility that these earnings will show further appreciation and there is good reason to expect that the price of the stock may cross the conversion level before the year is out.

The balance sheet indicated a thoroughly sound financial condition; current assets of $11,000,000 to current liabilities of $1,700,000, and total net tangible assets amounted to more than $21,000,000 behind

$3,898,300 outstanding 7½s. These bonds constitute the sole funded indebtedness of the company and the indenture provides that no mortgage may be placed on the property without including these bonds equally in the lien thereof. The bonds are attractive both from an investment and speculative standpoint.

CUBAN-AMERICAN 8s The sugar industry is one the immediate future of which is clouded by a considerable degree of uncertainty. Over the past few weeks some improvement has come about, but nevertheless considerable doubt seems to exist as to future operations. Consequently most sugar securities are selling at comparatively low prices. There are several producing companies, however, that rank as exceptionally low cost producers and their future is absolutely secure. Cuban-American Sugar Company is one of them, and the First Mortgage Collateral 8s of 1931 are worthy of comment.

These bonds are outstanding in amount of $9,507,000. They are the direct obligation of the company and are specifically secured by the pledge of $16,000,000 First Mortgage Bonds of subsidiary companies secured upon tangible fixed assets valued at over $35,000,000.

Interest Easily Covered

The net income of the Cuban American Sugar Company available for interest and taxes for the fiscal year to September 30, 1920, amounted to over 23 times maximum annual interest requirements on these bonds and for the five years ended on that date averaged better than 14 times such requirements. The fiscal year to September 30, 1921, however, showed a loss of $7,896,730, after providing for inventory depreciation. Practically no sugar companies made money during 1921 and the figures are hardly significant in forming any opinion of the bonds. In spite of this large loss, a balance sheet dated September 30, 1921, showed a sound cash position with current assets of $24,779,000 against current liabilities of $11,950,000. Net tangible assets, after deducing depreciation, all other reserves and intangible assets, amounted to about $44,000,000, or over $4,600 behind each $1,000 of bonds.

With the losses of 1921 behind it the company is in a position to once more show satisfactory earnings. As one of the lowest cost producers on the Island of Cuba, Cuban-American can operate profitably under conditions where other companies would show a considerable deficit. The bonds are well secured, and in the opinion of the writer, deserving of a good investment rating.

CONCLUSION As has been previously stated, the foregoing selections of industrial bonds have been made on the merits of the companies themselves and the security back of the bonds. All seem to have passed any crisis that may have existed and are in sound financial condition and out of danger. At present levels each of the bonds mentioned yields at least better than 7%, and it is hoped that the suggestions will find favor with those investors who are looking for good bonds at attractive prices.

FEATURES IN THE LOW-PRICED RAIL GROUPS

(Continued from page 915)

usually being made up of these items. Since incorporation this property has been maintained in a highly efficient degree, in fact maintenance expenditures have been abnormally heavy. The road and equipment is in excellent condition at the present time and it seems quite logical to assume that much lighter charges for maintenance will be made in the coming years. Figures for the first two months of this year would seem to bear out this statement, as maintenance consumed 46.5% of gross, compared with 51% for the corresponding period of 1921. In the first year of operation, 1917, P. & W. Va. earned $2.75 a share on the common and in 1918 over 50 cents a share. In 1919 the road reported an operating deficit of slightly over $700,000, but maintenance charges in this year consumed the almost unheard-of amount of 70% of gross. Assuming these charges had been in line with the other coal roads, or about 40% of gross, earnings in this year would have shown a balance of about 4.4% on the 6% preferred. In 1920, maintenance charges amounted to 53% of gross. On the basis of the above calculation, earnings for this year would have been equivalent to 5.50% on the preferred. In 1921, maintenance charges were proportionately higher than in any previous year, consuming 82% of gross, and were largely responsible for the operating deficit of over $800,000.

For the first two months of the current year earnings showed considerable improvement and if they continue to hold up at the rate indicated Pittsburgh & West Virginia will enjoy its best year since incorporation. Earnings for this period were at the annual rate of about $3.70 a share on the common, allowing for seasonal variations in traffic.

There are 305,000 shares of the junior stock outstanding and the total charges ahead of this issue amount to but $700,000, of which $544,000 is the requirement on the 6% preferred stock. The only bonds outstanding are of the West Side Belt R. R. and amount to but $1,500,000.

The common is now selling around $33 a share and offers fairly good speculative possibilities for a 10 to 15 point rise within the year.

SEABOARD AIR LINE
Adjustment Mortgage Bonds Good Speculation

The Seaboard Air Line operates over 3,500 miles of road through the southern coast states, the main line extending from Richmond, Va., to southern points in Florida. This road enters many important seaports along the Atlantic coast, and thus obtains a large amount of traffic to be shipped north over the water routes and also traffic for export. Offhand, this road's strategic position would warrant the belief that it has always been operating on a profitable basis, but such is not the case, for Seaboard has always found it a difficult task to earn sufficient to cover all its interest charges. The weakness in the system seems to be its lack of feeders

and the large amount of mileage operated through very sparsely settled districts that yield little traffic. The road is subject to very keen competition from the Atlantic Coast Line system with its numerous branch lines and strong connections.

The past record of the Seaboard Air Line is not a very imposing one, especially in view of the fact that the road and equipment has never been adequately maintained. The condition of the road's equipment at the present time is especially bad, Interstate Commerce Commission figures as of January 31st, 1922, showed 29.2% of the company's locomotives and 30.8% of the freight cars to be unserviceable. For the period from 1909 up to the time of Government control Seaboard earned the interest charges on its Cumulative Adjustment Mortgage 5% Bonds in full each year and in a large majority of the years sufficient to pay regular dividends on the 4.2% preferred. Although the road has not been able to cover its fixed charges (exclusive of the adjustment mortgage bonds) since 1917, its past record, on the surface, would make these bonds a very attractive speculation at their current price of about $280 for each $1,000 bond.

Maintenance charges prior to Federal operation, however, were at least 9% below normal in each year, or in other words earnings were padded to the extent of anywhere from $1,300,000 to $2,700,000 per annum. Had the road and equipment been properly maintained at all times Seaboard would never have been able to fully cover the interest on the adjustment bonds. Despite these facts, the bonds must be considered a fairly attractive speculation because of the regular payment of interest up to the beginning of 1921 and the cumulative provision. At the present time there is 5% accumulated interest due. Interest may be resumed this year if earnings improve and indications are that they will. **These bonds sold as high as 39¼ last year and as high as 70 in 1917, and are now selling within 13 points of the lowest price ever recorded. With the general outlook for the rails so much improved there seems to b very good possibilities of receiving anywhere from 40 to 50 for this issue this year. The stocks of this road should be left alone.**

CHICAGO GREAT WESTERN PREF.

Offers Fair Speculative Possibilities

The Chicago Great Western Railroad is principally a grain and products of mines carrier. The road operates lines between St. Paul and Minneapolis, Minn., and Chicago, Ill., and also has mileage in the states of Missouri, Iowa and Nebraska. On its main lines in Minnesota and Illinois it meets with strong competition from Chicago & Northwestern and Chicago, Milwaukee & St. Paul.

Chicago Great Western has at no time demonstrated its ability to earn sufficient to pay the full 4% dividend on the preferred stock, although it earned anywhere from 2 to 4% in the period from 1913 to 1917, inclusive, and made an initial payment of 1% on this stock in 1915, which was followed by a 2% disbursement in 1916, 1% in 1917 and 1918 and 2% again

in 1919. Nothing has been paid since. In the period from 1918 to 1921, earnings were very poor and at no time were sufficient to cover fixed charges. The Government Guarantee made it possible for the road to make the disbursements it did. For the first two months of the current year earnings were worse than usual, the road reporting an operating deficit of $181,967.

All these facts would not seem to warrant any enthusiasm as to the future possibilities in the preferred stock, but it must be remembered that conditions in the district Chicago Great Western operates in have been very bad during the last two years. Grain traffic has been far below normal, and while there are signs of improvement in both export and domestic demand, the really heavy grain movement does not begin before early fall.

There should be a considerable improvement in earnings within the next few months, and, all things being equal, the road able to earn something on its preferred stock. As it seems to be the policy of the management to declare dividends on this issue whenever a balance is earned, a 2% disbursement this year is well within the range of possibilities. There is about 24% of accumulated dividends on the preferred, so that it is but natural that the management declare dividends, no matter how small, when earned, to avoid whatever further accumulation is possible. In view of these facts, the writer is inclined to believe that at around its current selling price of $23 per share the preferred has speculative possibilities to the extent of about 10 to 15 points, or probably as much as a 65% appreciation on the investment. There is absolutely nothing attractive about the common stock selling around $8 a share.

INTIMATE TALKS WITH READERS

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Why not let your bank do a little of your partial payment business? If you can deposit 25% to 35% of the value of securities purchased, intended to be owned outright eventually, the bank can loan the rest, charging 6% on the loan. Its repayment can be arranged by means of a note, renewable from time to time until the loan is paid. Banks do not care about accepting monthly instalments, but entertain a three or four-months' loan on a note, with the stock purchased as collateral. The form of note is rather long and complicated, but it gives the bank wide powers, including sale without prior legal proceedings, placing the bank in the same position as a broker. While the note is made payable in three or four months, the borrower can deposit a monthly sum equal to one-third or a quarter of the note in his checking account, or a special account opened for the purpose. Checks on account of the note can be drawn quarterly or four-monthly; and so long as the customer takes care of the details, the business ought not to be unwelcome to the bank.

The theory of bank loans is "liquidity," and notes due within a few months are regarded as "liquid." Theoretically, the bank is not bound to renew any note, and no claim arises against it in the event of a refusal for any reason. Yet we do not know of one case in a thousand where there has been any hitch in carrying through an arrangement of the kind. Supposedly, we might call the understanding between the bank and the customer a "gentleman's" agreement, but the fact that it exists, and is available to subscribers should settle a knotty problem at a time when confusion and doubt surrounds the partial payment situation.

Securities and Commodities Analyzed in This Issue

BONDS

RAILROADS

INDUSTRIALS

COMMODITIES

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MINING

TRADE TENDENCIES

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scramble for the metal when prices once show a definite upward trend because of a desire to lay in a supply against advancing pricees. A tendency on the part of producers to return to the 13-cent level is noticeable, while some further strengthening may be expected, should the present improvement continue.

Among the other metals, lead has been enjoying an active demand. The leading interest has advanced prices three times in the past two weeks, the present price around 5 cents comparing with the 4.7 cent level maintained since September. The spectacle of advancing prices has stimulated demand, dealers and consumers being anxious to provide for their needs before further advances take place. The producers are, however, likely to move cautiously in the matter of extensive advances, fearing a reaction later on if demand becomes too active at this time. Improvement in lead is due chiefly to greater activity of paint, cable, storage battery and other manufacturers. Zinc is also in demand at a higher level. Stocks show a further slight decrease and shipments continue in excess of production. Reports of increasing operations in the steel trade have stirred galvanizers to greater activity. Tin is in somewhat better demand and prices are holding steady. The statistical position is not so good, stocks at the end of March totaling 3,086 long tons compared with 1,406 at the close of February.

MOTORS

Expansion of Sales

The motor industry, from all present indications, faces the second quarter of the year with every promise of bettering the performance of the first three months. Output of cars and trucks for the first quarter was 162% of the production for the same period last year while production for the month of March was 135% of February and 190% of March, 1921. The present rate of increase can hardly be expected to continue throughout the remainder of 1922, nevertheless truck manufacturers and parts makers should enjoy a considerably larger volume of business than in 1921, barring unfavorable developments which cannot now be foreseen.

In the passenger car field it seems that last year's production of about 1,500,000 cars may well be exceeded. Output in the first quarter was considerably ahead of the same period a year ago. Schedules for the month of April call for a marked increase over March, production in the Detroit district is expected to be nearly one-third greater, while the figures for May and June should compare favorably with those for April. Some slowing down during the summer months is, of course, expected.